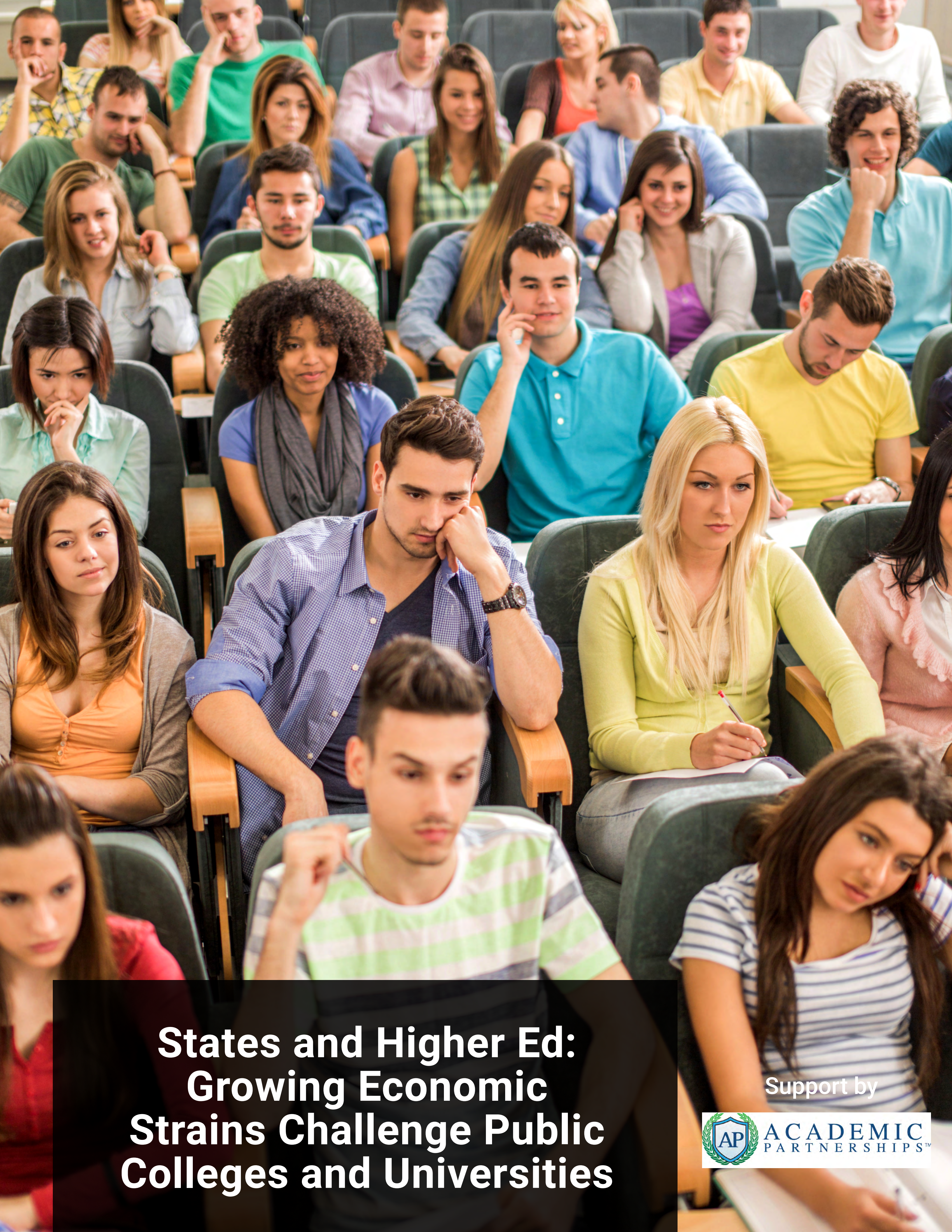

States and Higher Ed: Growing Economic Strains Challenge Public Colleges and Universities

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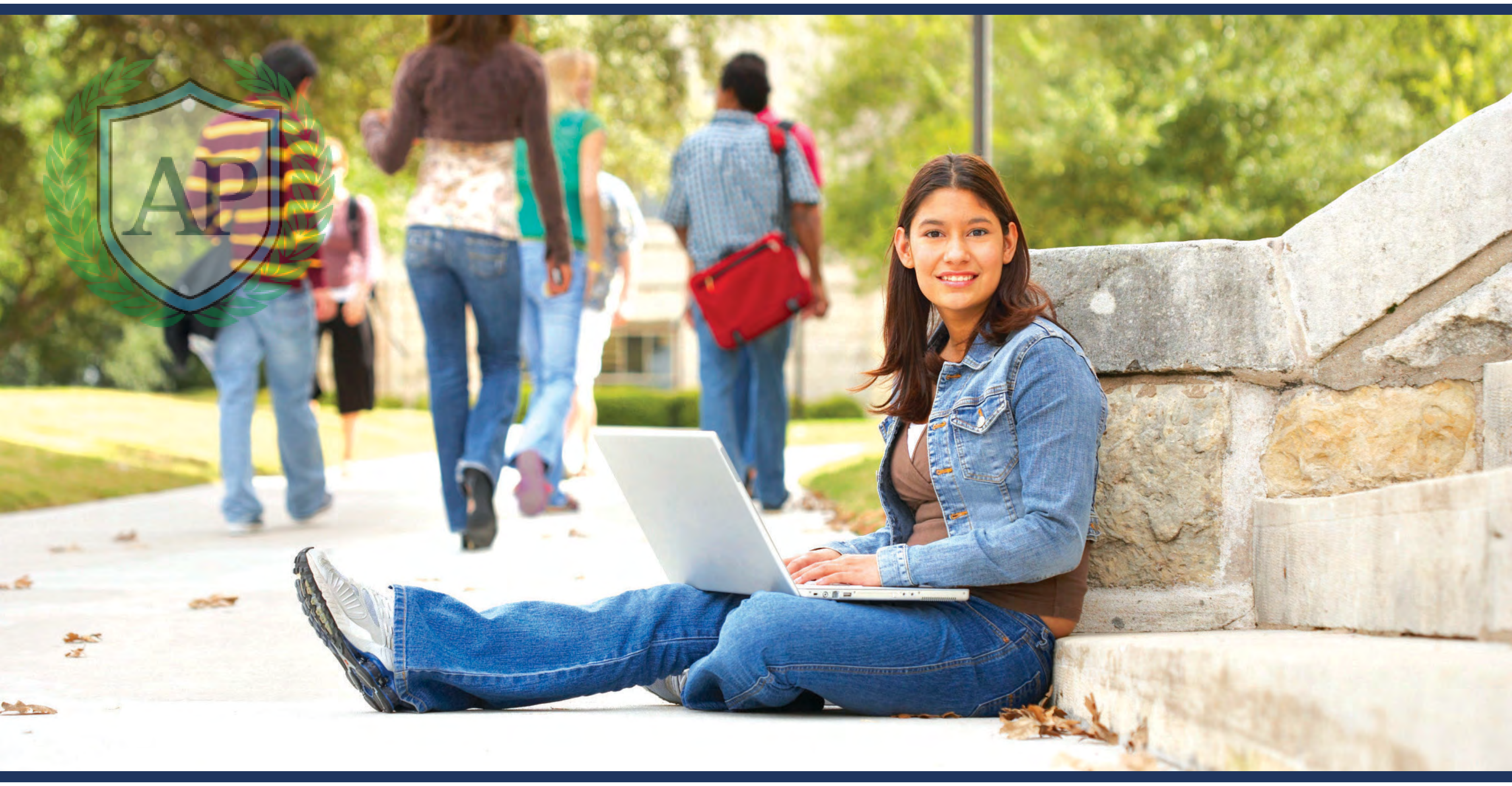

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Introduction

The state role is crucial to public higher education in the United States. And public higher education is crucial to college attainment nationwide, because most students attend public colleges and universities. Yet the financial model for public higher education remains uncertain. States made deep cuts following the start of the economic downturn in 2008. And while there has been some recovery in many states, it has been modest. For many in public higher education, it is clear that states have no intention of resuming their historic role in financing higher education.

The articles in this compilation include some of the latest data on state support for higher education, and some up-close looks at the way the state shift is creating challenges. The impact varies by institution type, but the compilation includes examinations of the issue with regard to flagship research universities, regional universities, public historically black universities, community colleges and other institutions.

Inside Higher Ed will continue to cover these issues and welcomes your comments on this compilation and articles for future coverage.

--The Editors
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News

A selection of articles by *Inside Higher Ed* reporters

Checkered Recovery Continues

By Ry Rivard

Spending on higher education is up in most states since last year, but half of states are still below their recession-era levels.

Most states increased higher education spending from 2014 to 2015 but half still spend less on college-related programs than they did five years earlier, according to a report released in January 2015. Over all, state higher ed spending this year is up 5.2 percent nationwide, according to an annual report by the Center for the Study of Education Policy at Illinois State University and the State Higher Education Executive Officers.

The Grapevine report, as it is known, looks at the current budget year, which runs from one summer to the next in most states (in this case from summer of 2014 through that of 2015), and compares higher ed spending to previous years. The report counts state appropriations, not tuition revenue or local government spending.

The uptick means $4 billion in new state higher ed spending for 2014-15. States spend about $90 billion a year on higher ed programs.

The increase makes the 2015 budget cycle the third consecutive year in which lawmakers across the country increased spending. As recently as 2012, average state spending was cut by 8 percent.

While the national average may seem encouraging, a state-by-state look shows state investment in higher ed is very uneven, sometimes illusory and perhaps fragile.

Thirty-nine states report increasing spending in 2015, with increases from 0.1 percent in Maine to 21.1 percent in Illinois, though that money does not go to educational operations, according to the report. (More on that below.) Ten states registered declines, ranging from -0.4 percent in Delaware to -2 percent in West Virginia. Funding remained unchanged in North Dakota.

While half the states are spending more than they were in the 2010 budget cycle, the other half, of course, are not.

"It's a tenuous increase," said Jim Palmer, an Illinois State education professor who wrote the report. "It's kind of a checkered situation and we expect that checkered situation to continue in some states."

Counting federal stimulus dollars from the first years of the Obama administration, nationwide state spending on higher education is up only 3.4 percent since 2010. Many states used that federal cash to avoid sharp or sharper cuts.

Much of the nationwide average gain come from a handful of the most populous states — California, Florida and Illinois. Take away those three states, and spending in the other 47 states increased by an average of just under 3 percent since the 2014 budget cycle.

Outside praise for Illinois, though,

Percent Change in State Appropriations, 2014 to 2015

State	Change	State	Change	State	Change
Alabama	1.6%	Louisiana	0.5%	Ohio	1.4%
Alaska	-0.5%	Maine	0.1%	Oklahoma	-0.4%
Arizona	4.0%	Maryland	6.7%	Oregon	10.0%
Arkansas	-1.0%	Massachusetts	9.0%	Pennsylvania	0.9%
California	10.9%	Michigan	6.9%	Rhode Island	6.2%
Colorado	14.6%	Minnesota	3.7%	South Carolina	6.7%
Connecticut	9.7%	Mississippi	3.6%	South Dakota	4.6%
Delaware	-0.4%	Missouri	8.2%	Tennessee	-0.5%
Florida	7.7%	Montana	6.2%	Texas	-1.7%
Georgia	3.9%	Nebraska	4.2%	Utah	11.2%
Hawaii	7.1%	Nevada	1.1%	Vermont	-1.1%
Idaho	7.2%	New Hampshire	13.0%	Virginia	1.7%
Illinois	21.1%	New Jersey	4.0%	Washington	0.6%
Indiana	-0.9%	New Mexico	5.0%	West Virginia	-2.0%
Iowa	3.0%	New York	3.5%	Wisconsin	7.2%
Kansas	4.2%	North Carolina	3.0%	Wyoming	6.0%
Kentucky	-2.0%	North Dakota	0.0%	**Total**	**5.2%**

might be poorly placed. Even though it threw in almost $900 million in new funds last year, none of that is going into classrooms. Instead, the new money — a 21 percent increase, according to Grapevine — is being used to fund a broken system of public employee retirement plans.

States are under all kinds of pressure, even as they overcome the consequences of the recession. K-12 education and healthcare programs are often mandatory programs that eat up state budgets, while higher education is usually considered more discretionary. Energy producing states are also on watch because of falling oil prices.

Other states have been taking nearly constant losses, with little light on the horizon.

In Arizona, cuts have been repeated and deep, and they aren't over yet.

State cash for higher education is down nearly 21 percent over the last five years, according to Grapevine. The situation worsened when Governor Doug Ducey rolled out his budget proposal to cope with budget shortfalls.

His plan would decrease state higher ed spending by another $75 million -- a 10 percent cut. Since the recession, higher ed spending in the state is down 40 percent, according to the state.

Michael Crow, the closely watched president of Arizona State University, said that "cutting is not a strategy" during a meeting called by higher education officials to discuss Ducey's plan. Crow said governors in nearby or neighboring states, including Texas, California and Utah, have been increasing spending while Arizona is cutting.

"In those states where recovery has already occurred, what are they doing? Investing more," Crow said.

While cost is generally being shifted to the students or the federal government's own aid programs, Crow vowed he would not raise ASU's tuition in the coming year "no matter what."

While low gas prices have been good for the economy, Palmer is among those who note that its cause — sharply falling oil prices — is likely to hurt higher education in some states.

Alaska, Louisiana and Texas rely

on oil-related revenues. Louisiana, which is spending a quarter less on higher education than it did five years ago, is contemplating some drastic measures like closing campuses.

Even states that have recently put a chunk of cash into higher education are not above their recession-era spending levels. For instance, Colorado increased spending by nearly 15 percent in 2015 over 2014, but is still spending 6 percent less than it did in 2010.

New Hampshire, Michigan, South Carolina all had significant increases in 2015 but are still below 2010 spending.

Palmer said to watch whether President Obama's plan to make community colleges almost free for most students as part of a proposed federal-state partnership that could lead to funding increases in states -- if the plan goes anywhere in Congress.

Grapevine's figures are not adjusted for inflation, and mid-year budget cuts may not show up in the data for the current year. ■

https://www.insidehighered.com/news/2015/01/19/higher-ed-spending-most-states-recession-still-stings

Coping With Cuts

By Kellie Woodhouse

Public universities are increasing educational spending even as their overall revenue declines, largely due to state funding cuts.

Four-year public colleges and universities have increased their education-related spending even as overall funding has declined.

The revenue declines are due to lowering state contributions. And while public universities have raised tuition rates to make up for large state funding losses, they have not fully offset the difference with tuition hikes.

Those are the findings from an August 2015 analysis the Association of Public & Land-grant Universities (APLU) has released. The report looked at revenue and spending on a per-student basis at 621 public four-year institutions between 2007 and 2013, including at 193 APLU member universities. The association's members include public research universities, land-grand institutions and state university systems.

Public universities are showing restraint with spending, said Christine Keller, APLU's vice president for research and policy analysis.

"Institutions are trying not to pass along all of the lost revenue from the state appropriations cuts," she said. "They understand that increasing costs are putting a burden on students and families."

The 621 public institutions in fiscal 2013 spent more per student on educational expenses than they received in state funding and tuition dollars combined, according to the report by Postsecondary Analytics, a research firm. Six years earlier, in fiscal 2007, the balance was different: publics received more appropriation and tuition funding than they spent on students.

This shift runs counter to the popular narrative that public institutions are "raising tuition over and over and over again without regard to the impact on students and that they're not thinking about how they can become more efficient," Keller said.

Per-student revenue from state appropriations and tuition and fees was $15,931 in 2013, down from $16,361 in 2007. Yet during the same period per-student education-related spending increased to $16,304, up from $15,776.

After adjusting for inflation, four-year public universities experienced state funding cuts of $2,370 per student during those six years, while tuition and fee revenues increased by $1,940 per student -- resulting in a net loss of $430 per full-time student.

The decrease in state funding has occurred during a time of growing enrollment for the 621 institutions -- which in 2013 was 6.3 million, up 9 percent from 2007.

Yet despite this uptick, and coupled with the decline in per-student state funding, public institutions increased educational and related expenditures by $528 per student.

And while universities didn't shift the entire burden of state divestment onto students, students did bear the brunt of it. Universities on average reported a 27 percent hike in tuition revenues over six years and a 26 percent decrease in revenues from appropriations.

Among the institutions surveyed, average state and local appropriations per full-time student dropped from $9,250 to $6,880. Meanwhile, tuition revenues per student rose from $7,111 to $9,051.

Students at public universities with very high research activity (63 of 621 institutions surveyed) saw the largest increase in per-student educational spending, at 7 percent, compared to 1 percent for all other institutions.

Yet per-student tuition revenues increased by 33 percent at those very-high-research universities compared to per-student increases of 23 percent at high-research institutions and 22 percent atother colleges and universities.

Public institutions are now more reliant on tuition dollars than on state funding, a trend that's been noted by several recent studies. Advocates of public higher education, including APLU, have been encouraging states to increase their public funding, with increasing urgency.

In 2007, state and local funding accounted for 27 percent of revenue at the surveyed institutions. In 2013 it accounted for 23 percent. And tuition dollars that year made up 30 percent of colleges' revenue, up from 21 percent in 2007.

Peter McPherson, APLU's president, said it's "unsustainable" for students to bear the brunt of state divestment.

"Despite steep state budget cuts, universities have devoted more educational resources per student and are choosing to make cuts elsewhere," he said in a statement. "States need to restore funding for public universities instead of viewing students and their families as alternative funding streams that can make their budgets look whole." ■

Institutions	Indicators	2006-07	2012-13	Difference (06-07 to 12-13)	Growth % (06-07 to 12-13)
Public Institutions, Very High Research	State & Local Appropriations	$11,865	$8,405	-$3,460	-29%
	Tuition Revenues	$9,575	$12,758	$3,183	33%
	State Appropriations & Tuition Revenues	$21,440	$21,163	-$277	-1%
	Total Revenues (Less Hospital and Independent Operation)	$54,609	$44,079	-$10,529	-19%
	State and Local Appropriations as a % of Total Revenues	22%	19%	-3%	
	Tuition Revenues as a % of Total Revenues	18%	29%	11%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	39%	48%	9%	
Public Institutions, High Research	State & Local Appropriations	$8,433	$6,443	-$1,989	-24%
	Tuition Revenues	$7,507	$9,264	$1,758	23%
	State Appropriations & Tuition Revenues	$15,940	$15,708	-$232	-1%
	Total Revenues (Less Hospital and Independent Operation)	$28,755	$28,509	-$246	-1%
	State and Local Appropriations as a % of Total Revenues	29%	23%	-7%	
	Tuition Revenues as a % of Total Revenues	26%	32%	6%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	55%	55%	0%	
Public Institutions, Other 4-yr	State & Local Appropriations	$7,947	$6,093	-$1,854	-23%
	Tuition Revenues	$5,385	$6,573	$1,188	22%
	State Appropriations & Tuition Revenues	$13,332	$12,666	-$666	-5%
	Total Revenues (Less Hospital and Independent Operation)	$23,348	$22,515	-$834	-4%
	State and Local Appropriations as a % of Total Revenues	34%	27%	-7%	
	Tuition Revenues as a % of Total Revenues	23%	29%	6%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	57%	56%	-1%	
Public Institutions, 4-yr Total	State & Local Appropriations	$9,250	$6,880	-$2,370	-26%
	Tuition Revenues	$7,111	$9,051	$1,940	27%
	State Appropriations & Tuition Revenues	$16,361	$15,931	-$430	-3%
	Total Revenues (Less Hospital and Independent Operation)	$34,063	$30,435	-$3,629	-11%
	State and Local Appropriations as a % of Total Revenues	27%	23%	-5%	
	Tuition Revenues as a % of Total Revenues	21%	30%	9%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	48%	52%	4%	
APLU Institutions	**State & Local Appropriations**	**$9,957**	**$7,239**	**-$2,718**	**-27%**
	Tuition Revenues	**$8,388**	**$10,786**	**$2,398**	**29%**
	State Appropriations & Tuition Revenues	**$18,346**	**$18,025**	**-$320**	**-2%**
	Total Revenues (Less Hospital and Independent Operation)	**$42,303**	**$36,450**	**-$5,852**	**-14%**
	State and Local Appropriations as a % of Total Revenues	**24%**	**20%**	**-4%**	
	Tuition Revenues as a % of Total Revenues	**20%**	**30%**	**10%**	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	**43%**	**49%**	**6%**	

Source: Postsecondary Analytics using IPEDS data

https://www.insidehighered.com/news/2015/08/27/educational-spending-public-universities-increases-despite-state-disinvestment

Public Colleges' Revenue Shift

By Kellie Woodhouse

After the recession, tuition dollars make up a greater share of public higher education revenues than ever before, and make up a majority in half the states.

Tuition dollars made up roughly 47 percent of revenues for public higher education for the third straight year in 2014, cementing a trend in which tuition revenue now rivals state appropriations as the main funder of public colleges and universities.

Tuition dollars in 2014 made up 47.1 percent of public higher education revenues, down slightly from last year's level of 47.7 percent, an all-time high, according to the State Higher Education Finance report for fiscal 2014 released in April 2015 by the State Higher Education Executive Officers association.

Public colleges rely on tuition dollars nearly a third more than they did before the recession. In the five years preceding the economic decline, tuition accounted for a significantly smaller share of public higher education revenues, hovering around 36 percent. The downturn sparked a spike in enrollment, a decrease in appropriations as states slashed spending and an increase in tuition rates, all of which led public institutions to rely on tuition dollars more now than ever before.

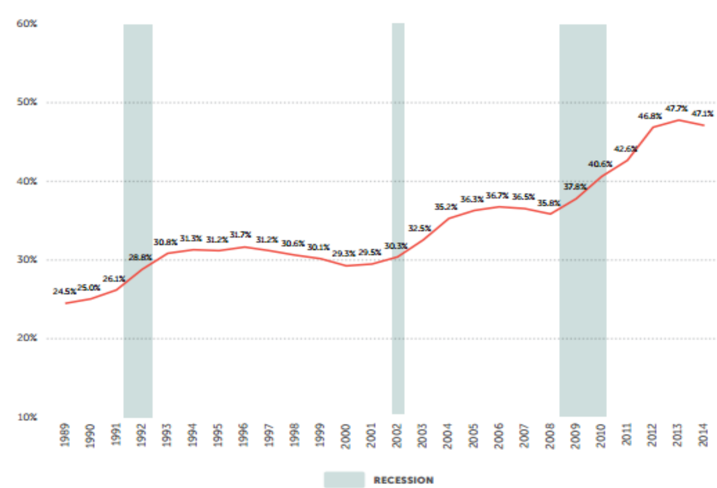
Twenty-five years ago, tuition accounted for 24.5 percent of public higher education revenues. Today that figure is nearly double, as seen in Figure 4.

"You have an economic recession and then you have a steep jump" in tuition as a revenue share, said Andrew Carlson, the SHEEO manager who was the primary author of the report.

"Basically that's the new level. It's the new benchmark," Carlson continued. "If the past is indicative of what we can expect in the future, I would expect it to hover around this level until the next economic down-

FIGURE 4

NET TUITION AS A PERCENT OF PUBLIC HIGHER EDUCATION TOTAL EDUCATIONAL REVENUE, U.S., FISCAL 1989-2014



NOTE: Net tuition revenue used for capital debt service is included in net tuition revenue, but excluded from total educational revenue in calculating the above figures.
SOURCE: State Higher Education Executive Officers

> The cost is being borne more and more by students and their families…. It's something that states are going to haveto think very hard about.

turn," when tuition revenues will likely rise again, he said.

Net tuition revenue per student was $5,777 in fiscal 2014, up 2.7 percent from the previous year, up 26.7 percent from five years ago and up 107 percent from 25 years ago when adjusted for inflation.

"It puts a real squeeze on a lot of families and working adults," SHEEO President George Pernsteiner said of public colleges' increased reliance on tuition dollars. "The cost is being borne more and more by students and their families…. It's something that states are going to have to think very hard about."

Meanwhile, states are continuing to slowly reinvest in higher education after nearly across-the-board cuts during the recession. Thirty-seven states increased their financial support of higher education in fiscal 2014. State and local governments allocated $86.3 billion to support higher education that year, including $83.5 billion toward public colleges and universities (the remainder of support went to financial aid and other support for private institutions).

State and local governments on average spent $6,552 per student in fiscal 2014, up 5.4 percent from the year before but down 13.3 percent from five years ago and down 24 percent from 25 years ago when adjusted for inflation. The increase in per-student support is indicative of two factors: hikes in appropriations and declines in enrollment.

The report outlined a third straight year of enrollment decline. In fiscal 2014, there were 11.1 million full-time-equivalent students enrolled in a public postsecondary institution, down 1.3 percent from the previous year. Typically when an economy rebounds, fewer people attend college because more jobs are available. Student population peaked at 11.6 million in 2011, the year right after the recession ended.

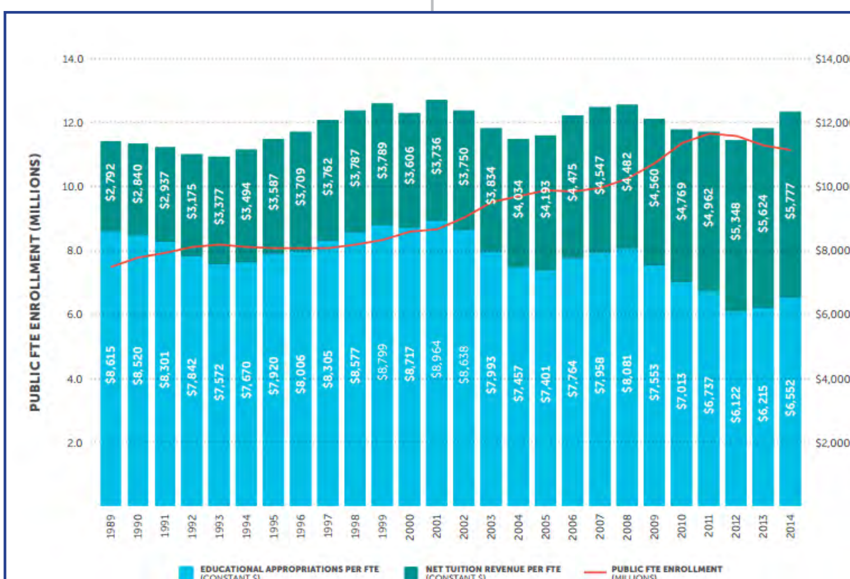
In 1989 state and local appropriations accounted for $8,615 and tuition accounted for $2,792 in public higher education revenues per student, when adjusted for inflation. That breakdown is now $6,552 in appropriations and $5,777 in tuition revenues per student -- a vastly different landscape than 25 years ago, as seen in Figure 2.

"I don't think either states or institutions have rethought spending in the context of where the money is coming from," said Jane Wellman, a senior adviser with the College Futures Foundation.

Twenty-five states generate more than half their public higher education revenue from tuition, with 15 states generating more than 60 percent from tuition.

The SHEF report provides a comprehensive review of state and local funding, tuition revenue, enrollment trends and degrees for public higher education. This is its 12th year of publication.

■



NOTE: Net tuition revenue used for capital debt service included in the above figures. Constant 2014 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA).
SOURCE: State Higher Education Executive Officers

https://www.insidehighered.com/news/2015/04/13/report-shows-public-higher-educations-reliance-tuition

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The (Out-of-)State University

By Doug Lederman

Study finds that cuts in state spending are linked to increases in out-of-state enrollment at public universities -- especially research institutions.

It's well documented that state appropriations for public colleges and universities have flattened or fallen since the early 2000s, especially when viewed against significant increases in enrollments at the institutions over that time. It is similarly understood that enrollments of out-of-state students have burgeoned over that time period. But are the two trends related?

A January 2015 study published in the journal *Research in Higher Education* asserts that they are. The research, by professors at the University of Arizona and the University of Missouri at Columbia, examines the relationship between funding for higher education in U.S. states and the levels of nonresident enrollment at public institutions between 2002-3 and 2012-13.

It finds that a 10 percent decline in a state's financial support was associated with a 2.7 percent increase in out-of-state enrollment at its public institutions. The relationship was even greater at public research universities (4.6 percent) and at research-extensive institutions (5 percent).

As is often the case with studies such as this one, the researchers -- Ozan Jaquette, assistant professor of educational policy studies and practice at Arizona, and Bradley R. Curs, associate professor of educational leadership and policy analysis at Missouri -- can't document a direct causal relationship between the cuts in state appropriations and the increase in out-of-state students.

But they were able to control for state- and institution-level factors that tend to affect the enrollment of no-resident students, such as more aggressive recruitment of such students by universities in states with declining college-age populations.

Even after controlling for such factors, the scholars "found a strong and significant negative relationship between state appropriations and nonresident enrollment," Jaquette said in an e-mail.

Further, he said, "consistent with the idea that public universities increase nonresident enrollment in response to decline in state appropriations, when we changed the dependent variable to *resident* freshman enrollment, we did not find a statistically significant relationship between state appropriations and resident freshman enrollment." In other words, enrollments of in-state students didn't similarly rise in response to cuts in state funding.

While some state legislators balk when out-of-state enrollments rise too high or too fast, because of the perception that the incoming students are taking slots away from state residents, public college leaders in many states describe their lawmakers as engaging in a wink-and-nod arrangement in which they acknowledge that it's a comparatively painless way for the institutions to make up for the loss of state funds. (Public college officials also sometimes explicitly link state funding to increases in in-state enrollment, as the University of California's Janet Napolitano has done in debates over state funding there.)

Increases in the number of out-of-state students can also benefit institutions (and states) because many students end up working (and paying taxes) in the states where they receive their bachelor's degrees. "Therefore, nonresident enrollment growth may positively affect state economic development," the researchers write.

Still, the trend is not without its costs, the researchers say.

Another recent paper by Jaquette, Curs and Julie Posselt, an assistant professor of education at the University of Michigan, found that increases in the number of out-of-state students drive down the proportion of low-income and underrepresented minority students at public research universities, since most of the students imported from other states were full-paying (and hence from wealthier families).

More philosophically, the researchers argue, the trade-off of cuts in state appropriations for increased out-of-state enrollment may contribute to the drift toward privatization that many policy makers and others see unfolding in public higher education.

"Public universities may treat state budget cuts as the breaking of an implicit contract between the university and the state," they write, "thereby entitling the university to transition from an exclusive relationship with the state to an open relationship that crosses state boundaries." ■

https://www.insidehighered.com/news/2015/01/28/study-finds-link-between-cuts-state-budgets-and-out-state-enrollment

The New Normal at Berkeley

By Ry Rivard

Governor Jerry Brown, a Cal alum, says "normal" students can't get into the university anymore. Why? Some blame Brown's budgets.

California Governor Jerry Brown in January 2015 said the state's flagship -- the University of California at Berkeley -- has closed its doors to "normal" people.

The remark, one of Brown's characteristically blunt assertions, taps into years of concern that the state's most prestigious universities are increasingly out of reach for many Californians.

Brown said that back in his day (he entered Berkeley in 1960) he and his two sisters could get into the University of California at Berkeley without much worry. So could his nieces and grand-nieces. But things have changed at Berkeley, he said.

"It just feels that whatever used to belong to the normal people of California – assuming the Brown extended family is normal – it's not available anymore," Brown said during a Board of Regents meeting. "And so you got your foreign students and you got your 4.0 folks, but just the kind of ordinary, normal students, you know, that got good grades but weren't at the top of the heap there – they're getting frozen out." (It might not be fair to deem the Brown family "normal." Jerry Brown's father, Pat, was governor the year Jerry enrolled at Berkeley. And after Jerry Brown graduated, he attended Yale Law School.)

Brown said his offhand remarks were "purely anecdotal," but those anecdotes shape how he feels about the UC system.

"When UC campuses like Berkeley started to be particularly selective and hard to get into, campus officials worried that a Stephen Bechtel or a Earl Warren (both not stellar high school students) never would have gotten in," said John Aubrey Douglass, a senior research fellow at Berkeley's Center for Studies in Higher Education. Bechtel went on to found the construction and engineering company that bears his name, and Warren was California governor and U.S. Supreme Court justice.

Brown seemed to blame the university, but others blame Brown himself, as well as the politicians who preceded him. They say his fiscal conservatism – tuition freezes for students and tight appropriations for colleges – have given the university little room to grow. The university, in turn, has taken to enrolling profitable out-of-state and international students, who pay about $23,000 more per year than Californians.

Douglass said while it's not the role of politicians to make admissions decisions, Berkeley could do more to admit students without impeccable grades or test scores. In recent years, most Berkeley freshmen had a high school grade-point average of 4.0 or higher.

When so many highly qualified students are trying to get in – many of whom easily surpass the basic admission requirements for the university – "admissions policies have arbitrary outcomes," Douglass argues. So why not admit students using considerations beyond just grades and test scores? Fewer than 1 percent of recent admits had below a 3.0 GPA.

"They still use special action," he said, "but it has sort of fallen off the menu cart."

Berkeley admits a huge number of low-income students -- 43 percent of its in-state undergraduates received the federal Pell Grant, which goes to students with very low family incomes.

Berkeley spokeswoman Janet Gilmore said Berkeley is academically rigorous and looks for prepared students at every school in the state.

"We consider whether the student made the most of available opportunities as well as indications of qualities such as leadership and persistence," she said in an email. "Ultimately, we seek to enroll a strong class of scholars and leaders representing a cross-section of communities, incomes, backgrounds, interests and talents."

David Fajnor, a college counselor at Oakwood High School who was an admissions officer at the University of California at Santa Cruz for 28 years, said Brown's view of the system is outdated.

In the five decades since Brown entered Berkeley, California K-12 education has improved, there are more Advanced Placement and honors classes, and the sheer number of people in the state and graduating from high school has jumped. Berkeley and others have not prepared, in part because of funding decisions made by the governor.

"We basically got to your economic supply and demand, there were more students better prepared and not an equally increasing number of spaces available," Fajnor said.

As state funding failed to keep up with growth, he said, Berkeley and others began looking outside

Governor Jerry Brown

the state for students, which meant new spots were created – just not for Californians.

In 2014, about 1,800 students – a third of Berkeley's first-year undergraduates – were from outside California. The same year, 44,564 Californians applied to Berkeley and 8,391 were admitted. Of those, about half ended up enrolling. The university also admits about 3,600 transfer students a year, 90 percent of whom are from California community colleges.

Jon Reider, the director of college counseling at the prestigious San Francisco University High School, said Berkeley faculty members must be thrilled to have such talented students, but it's harder for strong California students to get into the college.

"It wasn't always thus; as recently as 10 years ago, it was noticeably harder for a kid from New York to get into Berkeley than a kid from California – it's because of the budget," Reider said.

Fajnor also said that competition for the prestige of going to Berkeley or the University of California at Los Angeles has undermined elements of the state's famed master plan.

Under the plan, UCs had a research mission, other four-year colleges in the California State University system were meant to prepare students for professional life, and two-year community colleges were for technical training.

Those distinctions have "grayed," Fajnor said, because universities want to become more selective to move up in the rankings, while students want the cachet that comes with attending a more highly ranked college.

"More families wrongly are trying to get their students into the University of California, thinking it's better," Fajnor said.

Unlike Douglass, Fajnor doesn't think adding more special admits will get more so-called "normal" people into Berkeley.

"When Berkeley can figure out how to graduate an athlete they should be allowed to expand their special admit pool – or maybe even win a football game," he said.

Caitlin Quinn, a Berkeley political science major who is also a vice president for the Associated Students of the University of California, said that as Berkeley grows more competitive, students don't blame each other.

"The university tries to pit us against each other from admissions to introductory weeder classes to research opportunities – more funding from the state would mean more spots for everyone, more housing, more research, more great professors," she wrote in an email.

Students learn from one other, Quinn said, so if the so-called normal students end up getting frozen out, it's a detriment to the students and the university. The state and the system share responsibility, she said.

Brown is pushing the UC system to become more efficient. He and UC system President Janet Napolitano formed an unusual two-person committee to study the system's finances.

They have clashed over how to find more money for the system. Napolitano favors a major influx of state dollars, or several consecutive years of tuition hikes. Brown favors a tuition freeze, a modest increase in state appropriations and belt-tightening by the system.

During the regents' meeting, UC Regent Hadi Makarechian compared Brown's plan for the system to only partially fueling up an airplane and then packing it full of passengers.

"You're going to crash," Makarechian said. "And you say, 'I'm not going to give you any more fuel and I'm not going to give you any more pilots, and I'm not going to give raises to your pilots – but they have to go in and fly anyway.' It's not going to happen. Something has to give." ■

https://www.insidehighered.com/news/2015/01/23/gov-brown-says-normal-californians-cant-get-berkeley-problem-some-californians-blame

Struggling to Stay True to Wisconsin's Ideals

By Kellie woodhouse

At a regional university far from Madison politics, administrators and faculty members struggle to make huge cuts quickly while preserving what they say has made their campus mean so much to students.

University of Wisconsin-Eau Claire Chancellor Jim Schmidt testifying before the State Legislature on budget issues.

The University of Wisconsin-Eau Claire is not a particularly wealthy college.

So when the writing on the wall made it clear that the regional campus, which educates 10,700 students, would have about a quarter of its state funds cut in 2015, Eau Claire administrators had already planned a course of action to trim the fat: significant administrative reductions, preferably as far away from the academic enterprise as possible.

Yet dealing with a 13.5 percent reduction in operating funds requires massive change, and it turns out that it's very difficult to keep the impact of such a loss entirely off the radar of students.

The funding cuts were part of a controversial and sweeping two-year, $250 million pruning of Wisconsin's university system by Governor Scott Walker and fellow state Republicans, and were passed alongside the continuation of an existing tuition freeze.

Academics nationwide have been largely condemning the removal of tenure from state statute, also approved this budget cycle (tenure remains in effect through the University of Wisconsin System rules), and debating assertions by Walker that colleges should focus more on job training and less on humanities.

Much of the focus has been on the UW System's flagship campus in Madison. Yet Eau Claire, largely left out of the national spotlight, is well regarded academically and perhaps a better indicator of the challenges most of the UW System's 13 campuses face. The campus must grapple with cuts, but doesn't have the cushion of a $2 billion endowment or the ability to bring in hundred-million-dollar gifts.

This year Eau Claire, if its operating model remains unchanged, will have a $12.3 million hole in its budget -- a deficit that includes $10.8 million less in state funds than three years ago and accounts for a slight decline in enrollment in past years and stagnant tuition dollars.

When Eau Claire Chancellor James Schmidt announced the cuts -- and planned responses, like centralization of services and early retirements -- to faculty members, the mood was somber.

"In many ways a cut of this size

feels like a betrayal from Wisconsin," he recalled telling the faculty early this year, when the looming statewide cuts were predicted at $300 million. "It also feels like a death in the family."

This year Eau Claire, a regional campus much closer to St. Paul than to Wisconsin's capital, Madison, will get $22.1 million of its $82.2 million operating budget from the state, compared to last year when the university received $29.8 million of its $95 million operating budget from the state.

As much of an operational headache as the cuts are, Schmidt said they've had just as big of a negative impact on campus morale.

Schmidt said his priority in mitigating the cuts was to ensure morale didn't dip too low, and not to let the cuts have an outsized impact on academics.

Academic initiatives already underway -- such as increasing the four-year graduation rate to 50 percent (up from 30 percent), increasing first-year-student retention to 90 percent (up from 83 percent) and increasing racial diversity twofold -- will continue.

Eau Claire plans to continue emphasizing offerings that Schmidt believes sets the university apart from its peers, like study abroad programs and internships. About one in four graduating students study abroad, a high percentage, especially for a regional institution.

The campus in 2014 produced a Rhodes Scholar. And though the business and health programs are its most popular majors, Eau Claire is proud of its liberal arts roots, offering a full range of language and humanities courses at a time when many regional universities have made deep cuts in such fields.

Cuts and Changes

So far Eau Claire has cut 130 positions through voluntary buyouts, attrition and not renewing contracts that would typically be renewed. In all, the institution plans to cut about 158 positions -- about 11 percent of Eau Claire's staff -- although Schmidt admits that number could rise.

The majority of eliminated positions will be administrative.

The university plans to trim the number of senior-level administrators -- people with titles like associate dean or vice chancellor -- by 25 percent, or seven positions, a reduction that will save $684,000 annually.

By cutting a quarter of Eau Claire's leadership positions, Schmidt says he's "trying to flatten the structure and break up a lot of silos that naturally exist in any organization." Eau Claire also plans to cut 20 percent of its administrative support and academic department support staff, meaning fewer departmental secretaries (a projected savings of $460,000).

The staff reductions will be paired with restructurings that are becoming increasingly common at cash-strapped universities: things like shared-services centers to streamline and centralize functions like administrative services and student services.

The changes, for a school with roughly 1,387 employees before staff reductions, are large, and impact nearly every constituency of the university.

"We had to figure out what are we going to stop doing," Schmidt explained. "How are you going to do the work differently?"

Schmidt says that as he and his staff considered ways to reduce costs, they encountered redundancies that had gone unquestioned for years, such as several layers of administrative approvals required for catering at a meeting. Schmidt says he doesn't want to do more with less, but instead wants to do "less with less."

"We don't often sit back and say, 'What can be eliminated?' We don't step back and say, 'How does this form or this signature affect this process?'" Schmidt said. All that is changing at Eau Claire, which plans to implement many of its proposed changes by December and January.

As administrators began considering efficiencies, they polled alumni for expertise. Eau Claire didn't hire consultants to plan a transition to a shared-services model, but instead asked about a dozen alumni with business experience to share their expertise and recommendations.

In the case of Eau Claire, it helped build faculty buy-in and trust. Such a strategy is also less likely to engender "boilerplate, cookie-cutter" suggestions, Schmidt said.

Eau Claire will create a central, one-stop student services center, which will handle issues from financial aid to registration to dining and housing contracts to parking fees, all currently handled by separate offices at different locations. This centralization is expected to save about $300,000 annually.

At a similar, one-stop student advising center, each adviser will be tasked with mentoring some 300 students in an effort to increase the graduation rate.

Eau Claire is also in the midst of creating an administrative services center, which will streamline and centralize tasks like expenses and purchasing, and ultimately require 20 percent fewer employees than the existing decentralized way of providing such services (planned savings: $380,000).

The campus is in the midst of a facilities survey, and once the results are in Schmidt plans to implement efficiencies that will cut facilities costs by 20 percent, with a hopeful savings of $1.8 million.

Though most of the eliminated staff positions are administrative, the equivalent of about 20 full-time lecturers -- or about 38 full- and part-time lecturers -- won't return to campus in the fall, since their contracts were not renewed. Many taught at the university for several years, and all of the affected lecturers had year-to-year contracts.

Meanwhile, most vacant faculty positions aren't being filled.

Though Eau Claire has tried to minimize the impact of the cuts on the academic enterprise, students will nonetheless experience change.

The reduction in teaching staff is creating a ripple effect -- class sizes will get larger and, for many courses, fewer sections will be taught. Fewer sections means students may have to compromise, taking a course at an undesired time or waiting a semester to enroll in a course. Most faculty members at Eau Claire teach four classes a semester, and that will not increase after the cuts, Schmidt says. Eau Claire assembled a group to consider how such changes might affect the curriculum.

"We're doing the best we can to maintain the integrity of our academic program, our mission, but at least for the next couple of years there will be some challenges for students," said Mitchell Freymiller, a senior lecturer in Eau Claire's biology department and chair of the University Senate.

> "We're doing the best we can to maintain the integrity of our academic program, our mission, but at least for the next couple of years there will be some challenges for students."

Before the downsizing, Eau Claire employed 184 instructional staff and 392 faculty members. It's unclear at this point exactly how many teaching positions are being eliminated, and the exact impact on class sizes.

What's Next?

Schmidt says he's consulted with the faculty through each rung of restructuring, including through committees on academic workload, administrative redesign and student services. Members from the Eau Claire's University Senate agree that they've been part of the process, and that administrators have been transparent and communicative about reductions.

The changes, they said, aren't easy, but faculty members are generally on board.

"There's a lot of trepidation because obviously we're talking pretty dramatic change over a pretty short window of time … academics, as a whole, we don't deal well with change," said Geoffrey D. Peterson, chair of the political science department and Eau Claire's faculty representative to the University of Wisconsin System.

"The frustration is not really with the local administration, the frustration is further up the food chain," Peterson continued, speaking of lawmakers in Madison.

Added Freymiller: "No one likes to have to do more with less. But the majority of the people with whom I work are in this profession because we love the students."

As Schmidt and his staff consider the changes already underway, they're also anticipating the next budget cycle, which will come in 2017 since Wisconsin uses a two-year budget system. Are more cuts on the table? Another round of tuition freezes?

This budget cycle's $7.7 million in annual cuts follows the 2013-2015 cycle, which brought $3.1 million in cuts. Eau Claire now receives about three-quarters of its funding from tuition.

The university is hoping that the imminent restructuring will show lawmakers in Madison that it's working hard to be fiscally responsible, and that it can't cut much more from its budget without dramatically disrupting its academic mission.

"At the end of the day, there's only so much the government can cut us," Schmidt said, quickly adding that he's not issuing a challenge, just simply having trouble imagining a reality that includes less state funding.

Peterson said faculty members at Eau Claire brainstorm everyday how to better get their message to legislators.

"The big question is, how do we change the narrative in the capital so it doesn't happen again in the next budget cycle?" Peterson said.

"Because, the truth is, if it happens again, that's where you start to have real problems. That's when you have entire departments close at multiple campuses …. That's when you're going to see a real bloodletting." ■

https://www.insidehighered.com/news/2015/07/29/university-wisconsin-eau-claire-responds-massive-cuts-state-support

Fighting for Survival

By Ry Rivard

Public historically black colleges face stress on all fronts. Will some fail? Are some being deserted by their states?

Elizabeth City State University faced a brief existential crisis in 2014 when North Carolina lawmakers toyed with the idea of closing the historically black institution.

The lawmakers backed off, but the episode was just one in a series of challenges facing the country's 40 public historically black four-year colleges and universities.

Enrollment declines, cuts to government financial aid, leadership controversies and heightened oversight are working together to threaten some HBCUs in new ways and perhaps even jeopardize their existence, according to people who study, work with and have led HBCUs. Some private black colleges, like other tuition-dependent private institutions, are also struggling, but public HBCUs are being tugged at by a variety of forces, old and new.

Some of the problems are, of course, historic. Public black colleges were created as part of segregated higher education systems, were starved for resources for much of their history, and generally lack the academic facilities, faculty salary pools and other features found at top public universities. In an era when state leaders are talking about degree completion and speeding up graduation times, many public HBCUs remain proud of historic missions that include taking chances on students who went to poor high schools and who may face long odds.

When Tiffany Jones, an analyst at the Southern Education Foundation, visited one public HBCU to talk about the effects of performance funding on the university, officials there told her that it was "because of race that they were being targeted by the state system of higher education and their history of limited resources had provided them with limited ammunition to fight back."

Hit Hard by Changes in Grant, Loan Programs

Other obstacles are wholly new.

In 2011, the federal government limited the ability of students to use Pell Grants to a total of 12 semesters. Before, Pell had covered up to 18 semesters of college. The change was significant for HBCU students, who take longer on average to finish, and, in turn, HBCUs themselves, which lost tuition revenue because the students couldn't afford to keep attending. About 85 percent of HBCU students receive Pell Grants, and only about a third of HBCU students graduate within six years, said Marybeth Gasman, a professor of higher education at the University of Pennsylvania who studies colleges that educate minorities.

The federal government has also tightened eligibility for Parent PLUS loans, which were used by many HBCU students' families to pay for college. HBCU leaders have called the changes, also made in 2011, a "crisis" that limits students' access to higher education.

Other accountability measures by states and the federal government could punish HBCUs that have low graduation rates or have students who do poorly after they graduate. While it may be too soon to tell, HBCU watchers warn the effects could be disastrous.

"It's going to be ugly. It could be a bloodbath," said Johnny C. Taylor Jr., the president and CEO of the Thurgood Marshall College Fund. Forty-seven HBCUs and predominantly black colleges are members of the fund-raising organization.

Taylor said HBCUs, sometimes with fewer resources than predominantly white publics, are trying to educate students with less preparation for college – and now they're going to be punished for not getting great results.

"You're asking me to do more with kids who have more need with less resources and then you're going to hold me accountable if I don't retain them and graduate them in a shorter period of time," he said, referring in particular to the effects of the cuts to Pell.

Another rule that yanks federal financial aid from colleges with a high default rate has previously exempted HBCUs from punishment. That's set to change. Next year, HBCUs risk running afoul of federal borrowing thresholds. New standards would eliminate federal aid eligibility if a third of borrowers default within three years of when they begin to repay their loans.

Two public HBCUs -- Langston University in Oklahoma and Central State University in Ohio – have default rates of more than 30 percent for students who graduated or started paying back their loans in 2010. At Langston, the university with the higher default rate of the two (32.5 percent), officials predict they will be able to avoid losing federal aid dollars.

Senior Langston officials said they have taken action to bring down the default rate for the 2011 cohort to 25.6 percent. Getting below 30 percent for one year resets the clock on losing federal aid.

Langston President Kent J. Smith said the university has tried to educate its students that defaulting on their loans could hurt the university too.

"We're going in the right direction and we have to keep it that way," he said.

Taylor, of the Thurgood Marshall fund, said HBCU presidents are quite worried about the penalties for high loan default rates. He isn't sure the colleges should be blamed, particularly because unemployment remains high and colleges can't exactly control whether or not their graduates get jobs.

Speaking from the perspective of an HBCU president, Taylor said, "'We did our part. But because the job market, the economy, won't absorb them, they are unemployed, can't pay the student loans, and don't have parents who can help them pay them – because of the great recession – now I, Mr. President, am going to be penalized after I do my part.'"

Other public HBCUs are struggling to get students on campus in the first place.

The scare for Elizabeth City State came after state lawmakers wanted to study closing Elizabeth City Statethe university because of its enrollment declines. Elizabeth City The university has lost more than a quarter of its full-time- equivalent enrollment since fall 2010, according to Moody's Investors Service, which recently downgraded the university's bond ratings.

North Carolina lawmakers eventually backed away from studying Elizabeth City State's closure – for now. North Carolina State Representative Annie Mobley, a graduate of Elizabeth City State who opposed the plan to study closing the university, said in a telephone interview that existential threats to the university are "not going to go away."

Daniel J. Hurley, a vice president for government relations and state policy at the American Association of State Colleges and Universities, said public HBCUs are facing "severe challenges" just as the country is focusing on trying to provide access to low-income, minority and first-generation college students.

"We need all oars in the water, one of them being the public HBCUs," he said.

Elizabeth City State is far from alone in having to deal with enrollment declines. Of 13 public HBCUs – including Elizabeth City State – that Moody's rates, at least six have seen notable enrollment declines that are affecting their financial health.

At least part of the problem for HBCUs is a result of more opportunities for black Americans: HBCUs, once just about the only way a black American could get a higher education, no longer have that monopoly on black students because of desegregation. To be sure, even the wealthiest of private black colleges don't have the endowments of their predominantly white counterparts. But private black colleges can set their own missions, and need not shift gears because of state politics or policies.

Enrollment Woes

Among the public HBCUs with enrollment woes:

- Cheyney University, in Pennsylvania, has nearly a quarter fewer students than it did in 2010, according to state data. The university, whose supporters have accused the state of racial discrimination, had just 1,212 students last fall. Officials from Cheyney repeatedly declined to comment.
- Texas Southern University's enrollment fell 9.3 percent to 7,744 full-time equivalent students in fall 2013, according to Moody's. The drop cost the university $3.3 million in tuition and other revenue. State appropriations were also cut by $2 million. In April 2014, the university had only enough cash on hand to operate the college for 42 days, according to Moody's. Texas Southern, which did not respond to repeated requests for comment, has elsewhere blamed the 12-semester cap on Pell for some of its problems.
- Lincoln University in Pennsylvania shrunk by 7 percent in fall of 2013-14alone – to a total of 1,875 students – after only 17 percent of the students it admitted decided to show up.
- Florida A&M University's enrollment fell 10.6 percent that year, too, though some of that may have had to do with a hazing death and being on probation from its accreditor, according to Moody's.

Such enrollment declines – driven in part by the cut to Pell – mean that public HBCUs "can't quite sustain" their revenues, even if they are in states that are providing healthy support for higher ed, said Moody's analyst Erin Ortiz.

And, "just by virtue of their mission," Ortiz said, the HBUCs a have "smaller pool of students as well."

Some HBCUs are looking to expand their enrollment base. Three public HBCUs – West Virginia State University, Bluefield State College in West Virginia and Lincoln University in Missouri – already enroll more white students than they do black students. At Langston, President Smith said he is working to recruit Hispanic and white students. When he buys student data from ACT – which collects information on high school students and then sells the data to college recruiters – Smith doesn't single out students based on race.

"Even though we're an HBCU, the reality is that if we want to grow and strengthen ourselves and strengthen the Langston educational experience, diversity is a good thing — now, I will tell you not everyone agrees with that, but I will tell you diversity is a good thing," Smith said.

Edward Fort, the president emeritus of North Carolina A&T State University, a public HBCU, edited a book, titled *Survival of the Historically Black Colleges and Universities*. He said talk about their future and survival is much more common than it was just a few years ago.

Fort blames disproportionate funding for black colleges, as well as a variety of social factors. When it comes to funding, he points out that Johns Hopkins University gets more federal research funding than all HBCUs combined.

"That kind of fiscal disproportionality has to cease, so we're going to have be twice or even three times more aggressive than we have in the past with regards to federal procurement," Fort said.

HBCUs have to become more aggressive in their search for federal, philanthropic and corporate money, Fort said.

But he also blames a variety of social factors: There's the "plight of the black male," he said, which lowers expectations for black men to get a good education.

HBCUs, like other colleges, now face the "twin anvils of internationalized politics and globalization," which increase the competition they have for students. And HBCUs still have to deal with the "vestiges" of racism, he said, citing the brief threat to Elizabeth City State.

"That's deadly," he said, referring to the enrollment loss there. "But, on the other hand, I wonder if that kind of legislation would have been passed if the institution involved had not been an HBCU – that's just a question."

Job and Program Cuts

Revenue shortfalls have forced HBCUs to eliminate jobs and, in some cases, programs, which makes it more difficult to attract more students. Among them:

- North Carolina Central University announced in April 2014 it would eliminate 55 positions, according to the Herald-Sun newspaper.
- South Carolina State University announced in May 2014 plans to lay off 90 part-time employees, according to *Times and Democrat* newspaper, and has had trouble making payroll.

A state investigation found the university paid bills with meant to help poor families. The university did not respond to requests for comment. South Carolina took another blow in June when its accreditor placed it on probation.

HBCU watchers are particularly worried about the effects of performance funding systems in states, as well as a college ratings plan that the Obama administration has hoped to tie to federal aid.

Jones, the analyst at the Southern Education Foundation, is releasing a paper on the "necessary considerations and possible measures" states must take as they deploy performance-based funding models that apply to HBCUs.

"The campuses that are more likely to lose money are the campuses that need it the most," Jones said in a telephone interview.

She and others said the effects of performance funding could take a few years to see, but the concern felt now by black college leaders is real.

Gasman, the University of Pennsylvania researcher, said performance funding models that do not take into account students' backgrounds will hurt HBCUs, but a performance funding model that does could actually benefit them.

Tennessee has a plan that might help HBCUs, Gasman said, and North Carolina is working on one.

Other HBCUs have to deal with management issues. There are seven presidential vacancies at public HBCUs since August, according to Alvin J. Schexnider, a former president of a public historically black institution and author of *Saving Black Colleges*, a book on HBCU leadership.

Schexnider, a former chancellor at Winston-Salem State University, a public HBCU in North Carolina, argues that black colleges now have little or no margin for error, so they need top-notch boards and presidents.

He warns against trustees and governing boards fighting with presidents, failed HBCU presidents who have been recycled and hired by another HBCU, and HBCU leaders of all kinds who fail to adapt to a changing world.

"I think we're in a watershed moment right now because the sources of state and federal support have been declining and they will continue," Schexnider said.

Fort, the former president of North Carolina A&T, is planning a second book on HBCUs that will focus on leadership, too. Without good leaders right now, he said, HBCUs may be doomed.

"For leadership, it means that the leader who has his or her myopic head in the sand is whistling Dixie in the pine trees," he said. "They will not survive, they absolutely will not survive." ■

https://www.insidehighered.com/news/2014/06/24/public-hbcus-facing-tests-many-fronts-fight-survival

Boosting Productivity

By Ashley A. Smith

New report examines Lumina's state-based efforts to encourage public colleges to be more efficient and focused on student success.

Performance-based funding, developmental education reforms and student completion incentives are a few of the initiatives states have launched in the last few years as ways to invest in their higher education systems while maintaining quality. And the Lumina Foundation has helped encourage these -- sometimes controversial -- policies.

A report in October 2015 from SPEC Associates, a research consulting firm, examines the various steps seven states, along with Lumina, took to increase their productivity at public colleges in an effort to eventually increase the number of students earning degrees. The initiative is connected to Lumina's overall 2025 goal -- to increase the number of Americans with a high-quality credential, certificate or degree to 60 percent by that year. Lumina funded the SPEC report.

"As the recession hit and deepened, an appetite for talking about and increasing productivity in higher education developed," said Kevin Corcoran, strategy director for the foundation. "We looked at states that were more likely to lead to significant gains."

Arizona, Indiana, Maryland, Montana, Ohio, Tennessee and Texas each received four-year grants in 2009 from Lumina to help their states' policy makers develop initiatives to boost productivity.

The four steps, or areas, that Lumina encouraged and which are detailed in the report were:

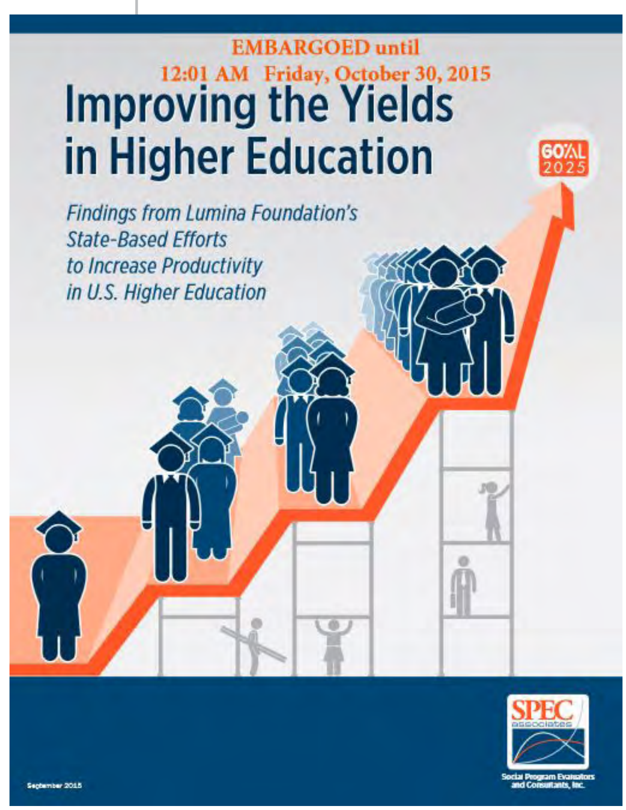
- Performance-based funding
- Student aid and tuition policies linked to completion
- Various redesigns to improve student pathways and transitions
- New business efficiencies

Corcoran said the focus of the initiative was less about whether the states could deliver on promises within the grant, but rather on building relationships in the states as a way of talking more broadly and holistically about productivity.

Measuring productivity isn't easy, but there was movement to introduce performance-based funding, and research shows that can lead to institutions being more interested in adding student resources, Corcoran said.

That changes the dynamic, he said, so colleges don't consider students to be more expensive as they progress along to completing.

But there are concerns around performance-based funding. Critics have argued that the measures can lead to colleges gaming the system through grade inflation or by admitting fewer at-risk students.



Montana implemented a performance-based funding mechanism using Lumina's framework, as well as student incentives like scholarships that promote full-time enrollment.

All of the state's public colleges receive performance funding based on retention from freshman to sophomore years and in completion, but community colleges also are measured on increases in dual-enrolled high school students, successful remedial education and transfer, while four-year and flagship universities are measured on graduate completion and research measures, said Tyler Trevor, deputy commissioner for planning and analysis for the Montana University System.

> "As the recession hit and deepened, an appetite for talking about and increasing productivity in higher education developed. We looked at states that were more likely to lead to significant gains."

"The work we began with Lumina in 2009 really set the state for major transformation on how we look at education," said John Cech, deputy commissioner for academic and student affairs for the Montana University System.

The state is now moving to change how it approaches developmental education and is developing a framework and guidelines for professors faculty to assess prior learning that may have occurred outside a traditional classroom, he said.

"We're looking at some things that were frankly very foreign to us before, like corequisite design," Cech said, referring to the reform that places remedial students in a college-ready course, but provides additional support. That approach is promoted by Complete College America.

The final piece around business efficiencies was to help institutions find ways to collaborate or coordinate within their operations as a way of lowering their costs. Corcoran said, "That doesn't directly lead to increased productivity, but we did find it's a necessary precondition to getting faculty to change what they do. Faculty members were more likely to be interested in talking about how they work, if they could see that the university was also tackling things they thought were low-hanging fruit on the business side."

While the grants have ended, Lumina was able to create Strategy Labs as a way for states to see what their peers were doing in other states with these initiatives as well as how to implement the strategies themselves.

"The other thing we learned was strategy labs was a great way to engage states and higher education leaders without having to give them a grant. We found over time, providing the technical assistance and real-time help for states was a better approach," Corcoran said. ■

https://www.insidehighered.com/news/2015/10/30/lumina-highlights-ways-states-have-increased-productivity-higher-education

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Views

A selection of essays and op-eds

Are Systems Bad for Flagships?

By Robert Berdahl, Steven Sample and Raquel M. Rall

State systems have served higher education well over time, but in today's environment they may be inimical to the health of flagship universities and the regions they serve, write Robert Berdahl, Steven Sample and Raquel M. Rall.

For much of the past century, public higher education in the United States has been governed by various forms of state university control. These "systems" and their governing boards define and harmonize the educational interests and needs of their respective states with campus strategic plans, allocate state resources, oversee capital development, and try to buffer institutions from excessive intrusion by politicians and state agencies -- important roles all.

And, because state higher education systems often comprise institutions located in all regions of the state, they are believed to be able to generate more general legislative support for higher education than might be possible for any single institution.

Yet despite the prevalence and best intentions of systems, it's not clear that good state systems any longer lead to good university governance. Indeed, it may be that university systems are inimical to the health of public flagship universities and to the states and regions they serve. As institutions have grown larger and more complex, it is more difficult for a single system board to oversee and govern them. And systems emerged to manage growth in the 20th century; the current agenda and public interests are quite different, rendering them less effective if not obsolete.

Historical Growth

State systems emerged for good reasons. The financial exigencies of the Great Depression, then the explosive expansion of public higher education in the 1950s and 1960s, led states to create some form of statewide governance or coordination to allocate resources, guide growth and avoid unnecessary duplication of programs. Each state has dealt with the issue in its own fashion – some with one or more systems with governing boards, some with statewide coordinating boards, and some with advisory boards.

So long as states continued to invest in higher education, with new resources lifting all the ships in their respective fleets, university systems encountered little opposition. Flagship campuses frequently chafed at their incorporation in larger systems or at the resource demands of branch campuses, as well as the ambitions of smaller regional, "wannabe" campuses, but the flood of new state money quieted most of their criticism. University systems increased in number and influence through the 1970s.

University systems also increased their bureaucratic structures during this period, with system offices and coordinating boards invested with more authority. In 1971, North Carolina created a single Board of Governors that merged the University of North Carolina with the other non-aligned campuses. However, North Carolina also delegated certain responsibilities to institutional boards, allowing for the retention of considerable institutional autonomy. In Wisconsin, the legislature, tired of competition between the four-campus University of Wisconsin System and the Wisconsin State College System, in 1973 combined all four-year institutions into the University of Wisconsin System, governed by a single board of regents.

The merger in Wisconsin succeeded in moving the conflict from the legislature to the system itself, with the regional campuses often in opposition to the flagship, Madison, and the urban campus in Milwaukee. During the next decade, faculty salaries at Madison fell to last place in the Big Ten; efforts to overcome the gap were attacked by the regional campuses. Between 1980 and 1986, class size in Madison and Milwaukee increased 17 percent -- 70 percent more than in the regional campuses. Subsequent efforts to improve the funding of Madison were largely Clark Kerrsuccessful, but Wisconsin represented a clear case in which the flagship research university suffered as a consequence of the creation of a single consolidated system.

Clark Kerr

The moves toward greater centralization met with increasing resistance. As early as 1971, Clark Kerr, the principal architect of the Californian Master Plan, predicted such resistance: "The future is not likely to be simply a mirror of the past. Bureaucratic centralism is under attack in many places from many sources. The new theme is local control, volunteerism, and spontaneity…. It is unlikely that the multi-campus systems of higher education in the United States will escape from the impact of these demands."

Decentralization Takes Hold

It is not surprising, therefore, that the move toward greater centralization and control began to recede in the 1990s. This "decentralization" took several forms.

At its most basic level, it involved the weakening or dismantling of statewide coordinating agencies and the reduction of bureaucratic controls over campus decision making. In some states, legislation transferred authority for certain management functions to individual campuses – retention of tuition income, where it had previously been submitted to the state for re-appropriation by the legislature to the campus; greater control over enrollments and personnel; or independence from many state regulations. Changes in the authority of the major institutions in Virginia are examples of this form of substantial restructuring of the relationships of the universities to the state.

In a few states, systems were dissolved and institutional boards replaced system boards. In 1995, for example, Illinois abolished two multicampus systems. Florida first abolished its Florida University System in favor of separate governing boards for each university, then reversed itself in 2003 to reestablish a statewide consolidated system that presided over the separate institutional governing boards.

In at least one instance, the move to decentralize the power of systems led to the creation of a "quasi-public" corporation, with the transfer of virtually all management functions to the campus, which was then given its own governing board. This was the separation of the Oregon Health Science University (OHSU) from the Oregon University System in 1995. Subsequently, OHSU began to operate more like a private institution, loosely tied to the state. Its separation from the limitations of the system unleashed remarkable growth in OHSU's quality and stature. And it became a model for similar moves by the University of Oregon in 2010 and after.

Unlike the period of the Great Depression, when financial austerity produced calls for greater centralization of controls of higher education, or the 1960s when expansion led to the need to rationalize structures and avoid competition among growing and aspiring state colleges and universities, the two decades after 1990 were marked by both austerity and limited growth and by efforts at decentralization of authority. The reasons for this can be found in the substantially different circumstances in which universities found themselves in recent decades.

First, public commitment to universities as "public goods" began to erode. The common view from the 1930s through the 1970s that public universities served the common good began to change by the 1980s. A tax rebellion reversed attitudes toward government and public expenditures; user fees often replaced public appropriations. The benefits of universities were seen as largely accruing to the individuals who attended them, with user fees in the form of student tuition replacing state appropriations.

Second, a corollary of this change in public attitude, was the fact that public universities facing declining state support, especially flagship institutions, began a quest for new forms of revenue, often through private fund-raising. Increasingly dependent on resources they raised themselves, either in the form of tuition or gifts and endowment, these institutions chafed at the constraints imposed on them by state authorities or system boards. State or system controls and limitations on institutional freedom of action may have made sense when the state provided the lion's share of a university's revenue, but they made little sense when state revenues constituted a small fraction of institutional resources.

In a real sense, however, greater decentralization led to demands for even greater autonomy of decision-making. As the resources of flagship universities became more diversified, continuing limitations imposed by systems to keep all state institutions in alignment with one another – over tuition levels or faculty and staff salary increases, for example – became more onerous and crippling. The strongest flagship campuses within systems, which competed with the strongest national institutions for faculty and research grants, felt themselves the most handicapped by their system affiliations.

Third, a new philosophy of organizational management developed, stressing the importance of local decision-making and the inefficiencies of large systems with top-down management. The public higher education variant of this was called responsibility-centered management, introduced at Indiana University in 1988-89 and adopted shortly thereafter by several other major public universities. This approach allocated budgets within universities based on calculations of revenues generated and costs incurred. It inclined toward "putting each tub on its own bottom," and encouraged academic units to think in terms of generating revenue and limiting costs. In this environment, state and system policies often became constraints. Moves toward greater institutional autonomy were consistent with the principles of RCM.

Finally, the research function of universities, especially the flagships, assumed a larger role in the "information age." Universities saw themselves, and were viewed by their states, as agents of economic development. They were expected to interact closely with local businesses, their faculty to become more entrepreneurial. But to become truly entrepreneurial, universities needed to be liberated from state and system controls.

The first noteworthy effort to break a flagship campus free of its system came at the University of Wisconsin in 2011, when Madison Chancellor Carolyn (Biddy) Martin, with the support of Governor Scott Walker, proposed making UW Mad-

Richard Lariviere

ison a "public authority," separate from the University of Wisconsin System. Supported by the UW Madison faculty senate, the proposal met serious opposition from the other campuses and from the university's regents and ultimately from the Legislature as well. Shortly after it was defeated, Martin left the university to become the president of Amherst College.

Also in 2011, the University of Oregon proposed separating from the Oregon University System in a manner similar to that achieved by the Oregon Health Science University 15 years earlier. With a novel proposal for financing the university, President Richard Lariviere proposed freezing state funding at its then-current level of about $60 million. This $60 million would then be used to finance a 30-year bond, whose proceeds would become part of the university's endowment and matched by private endowment gifts. The endowment revenue would replace state support and, after 30 years, state support could cease.

Lariviere's differences with the Oregon board over this issue and over a faculty salary increase put him and the university out of step with Oregon's other public universities and the system. The system board terminated him in December 2011.

Lariviere's termination did not end the University of Oregon's quest to break free; indeed, it undoubtedly enhanced it. In the spring of 2013, the Oregon Legislature passed legislation separating the University of Oregon and Portland State University from the system and granted extensive institutional autonomy to separate governing boards for each institution.

Even within the University of California, generally regarded as the most successful university system in the United States, leading campuses have become restless with the lock-step constraints of the system office. In a paper entitled "Modernizing Governance at the University of California," then-Chancellor Robert Birgeneau and other Berkeley campus leaders proposed that the UC Board of Regents create and delegate specific responsibilities to campus boards. Arguing that the UC Board of Regents could no longer effectively govern the 10 complex campuses that comprise the University of California, the paper insists that local boards with more intimate connections to the individual campuses should be given the authority to set tuition, approve capital projects, approve appointments of vice chancellors, approve cost-of-living salary adjustments for faculty, and oversee campus endowments.

Advocates for institutional governing boards with greater institutional autonomy point to the inherent differences between institutional boards and system boards. System boards are, by their inherent nature, regulatory boards; their function is to balance the interests of all the institutions in the system. As such, they incline toward "one size fits all" policies. Rarely visiting individual campuses, system boards lack firsthand knowledge of the institutions; the decisions they make are largely shaped by information provided by the system offices and by the leaders of the system. System board members are not supposed to be advocates for individual campuses, though, given the geographic distribution that is generally sought in their appointment, they frequently are. While they may recognize the importance of their flagship institutions, they often view the claims of flagships as arrogant, and, in many cases, refuse or are strongly urged not to use the term "flagship."

In contrast to system boards, institutional boards can be advocates for their universities, resembling more closely the functions of the boards of private universities. They are more familiar with the campus; they are in a position to evaluate more effectively evaluate the campus leadership as well as to understand the pressures and challenges under which it operates. As advocates of the university, they can be more involved in raising money from private sources.

Entering this discussion about the future and efficacy of university systems is a new volume of essays edited by Jason E. Lane and D. Bruce

Johnstone, entitled *Higher Education Systems 3.0: Harnessing Systemness, Delivering Performance*. Most of the authors have either held leadership positions in public university systems or are scholars who have devoted much of their attention to university systems.

As the title indicates, the volume proposes a new version of university systems that will guide the role of university systems to meet future needs.

Some authors recognize the problems university systems have created for themselves. Jason Lane writes, "In many ways, systems have become very functional, but not very strategic. They have become bureaucracies, not leaders, conduits for communication, not agenda setters."

Katharine C. Lyall, former president of the University of Wisconsin System, is even more direct in acknowledging the failures of systems to address the needs of flagships:

"In many ways, attempts by several flagships … to separate from their respective systems after the Great Recession began to evidence the growing tensions between institutional leaders who are attempting to respond to market challenges and opportunities but who feel constrained by what is often perceived as outdated governance and financial models. These cases illustrate a larger frustration that systems no longer help campus leaders obtain funds, buffer them from government intrusion and demands or compete with other universities for faculty members and research monies. They feel caught in regional orientations and structures while trying to compete in national and global venues.

"Systems, seemingly caught flat-footed by these wider visions for their campus, have responded by challenging or removing innovative presidents to protect traditional system power rather than using these ideas to fashion new missions for both system and campus."

Most of the essays in this volume suggest ways in which university systems need to change to adapt to new realities and provide the means by which they can better serve their constituent institutions and states. But few of the essays, other than those of Lyall and C. Judson King (a co-author with Birgeneau of the paper on modernizing governance in UC), seem to recognize to the unique problems of the flagship universities in systems or their singular importance.

Observers of American higher education have often attributed its success to the diversity of its universities, the mixture of private and public research and graduate institutions, the relative autonomy from state intervention, and the competitive market in which it has operated.

For most of the half century after the Second World War, the great public research universities of the United States, the flagship institutions in their states, succeeded in that environment, despite many constraints.

Public research universities have been an essential component in the success of American higher education.

During the past two decades, however, they have faced unprecedented challenges – growing enrollments, declining state funds, faculty salaries lagging far behind their private competitors.

While no one wants to see an unconstrained conflict among institutions within the states or to have the flagships beggar their neighbors, the future success of public research universities is essential to the well-being of the nation. It is time to ask whether their excellence can be maintained if they remain coupled to systems of governance created in a different time, within a different context, for different purposes. ■

Bio

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https://www.insidehighered.com/views/2014/03/07/are-state-systems-endangering-our-public-flagship-universities-essay

The Higher Ed Austerity Deal Is Falling Apart

By Christopher Newfield

Christopher Newfield sees signs of unrest in what has been a political consensus that has seen the erosion of support for public higher education.

For years now, the main trend in public university policy has been to impose budgetary austerity on them. Regardless of the revenue level that universities seek or the efficiencies they announce, the result is always the same: inadequate public funding coupled with rising tuition and student debt.

On the surface, 2015 promises more of the same: more austerity, more fees, more adjuncts, more tech, more management, and more metrics— metrics as a substitute for money. Years of attacks on austerity economics by prominent critics like Paul Krugman have not damaged austerity politics, which favors some powerful interests and which has hardened into a political culture. Our public universities have been stuck in a policy deadlock that I think of as halfway privatization. This has meant the worst of both worlds: not enough tuition and endowment income to escape the perma-austerity of state legislatures, and not enough public funding to rebuild the educational core.

There are signs now that this framework is coming unglued. One of them is the tuition debate that started up again at the University of California Board of Regents meeting in November 2014.

University officials opened with their only revenue move — a tuition hike. UC President Janet Napolitano, who had been the Democratic governor of Arizona and then President Obama's Secretary of Homeland Security, proposed an annual 5 percent hike for UC students for each of the next five years. The state's Democratic governor, Jerry Brown, responded by saying the hike would break an agreement in which the state is to increase California State University and University of California funding 4 to 5 percent per year on the condition that tuition stays frozen, as it had been for three years.

From there, the parties made a series of scripted points. Napolitano responded that UC couldn't maintain academic quality with funding levels that were lower that when the recession began. The state replied that UC had more than made up for the massive cuts with its even more massive tuition increases. UC officials countered that the state's math was wrong. An existing line was redrawn in the sand: we need more versus you have plenty. Much of the state's top brass showed up to argue against Napolitano and the regents. Though the speeches were especially passionate, no votes were changed. The tuition hikes passed 14-7, with every politician on the board voting no.

Some editorialists were impressed that Janet Napolitano had started a new public discussion of the university's fate, and yet the austerity script generated the standard follow-up gesture of split-the-difference. UC officials said they would rather have the state buy out the tuition increase by adding $100 million to the general fund allocation of about $3 billion. In response, Democratic leaders hatched his-and-hers halfway measures. His, from the Democratic president pro tem of the state Senate, was a full tuition hike buyout funded by a raid on the legislature's halfway measure of last year, a "middle class scholarship" plan, plus a hike in the triple-tuition paid by non-resident students. Hers, from the Democratic speaker of the Assembly, was half a tuition buyout linked to higher teaching loads for faculty and a gesture toward "zero-base budgeting."

Regardless of which components prevail, the austerity outcome is already programmed: not enough money to fix basic problems. The California tuition fight is about who would pay an additional $100 million, but that comes to 1.4 percent of the university's core budget of $7 billion, and is a drop in the bucket of its $27 billion overall budget. UC also says it has a structural deficit: exact size varies, but one estimate was $2.4 billion by 2015-16. The tuition increase (or state buyout) comes to 3.3 percent of that, so that the university system would need about 25 years of such increases to close the deficit it will have next year.

> "The most likely outcome is that the university will spend $220 million to save a net $5 million per year over a couple of decades while going into debt to do it."

UC managers and state politicians are debating mirror versions of the same austerity molecule. Either way, academic planning is ruled by insufficient funds, and quality upgrades are kicked further down the road. The university system actually needs 16 to 20 percent annual increases in funding for five years to get back on track, and yet the budget script assures that the university will neither ask for nor receive the reinvestment to do so, defined as growing at the same rate as state personal income. The tuition debate and its larger narrative aren't about advancing public higher education but about sustaining the austerity already imposed on it. The outcome for students, year after year, is that they pay more tuition to get less education.

And yet something has happened in the last few months. The three leading players began to tire of their roles.

First, there are the university's senior managers. Their deal was to accept austerity, but instead they were getting insolvency. They had spent every year since 2008 announcing major efficiency programs, but political leaders were never satisfied. Operated from the Office of the President in Oakland (UCOP), these programs had nine-figure savings goals, consumed immeasurable amounts of staff time, pushed expenses onto already-suffering campuses, cost the central administration most of whatever good will had remained among the rank and file, and yet still didn't help the university.

One flagship efficiency measure, an IT centralization plan called UCPath, has missed all its time and cost milestones and is now being funded through borrowing. The most likely outcome is that the university will spend $220 million to save a net $5 million per year over a couple of decades while going into debt to do it. The university could get real savings through major structural simplification, but that would take knowledge, money, and trust that UCOP doesn't have, and bottom-up initiative that it doesn't support. All this efficiency programming has done little to close the deficit.

Faced with weak results and mounting unpopularity, an administrative glove or two finally came off. The university's senior budget official used phrases like "I fundamentally disagree with the notion that tuition increases have made up for cuts"— fighting words in the deference culture that normally prevails — and appeared on multiple radio and TV shows to plead the university's case. Political leaders can keep forcing university officials to accept their lump of coal, but the change this year is that perma-austerity has undermined their united austerity front.

As for the Board of Regents, the

deal was that cooperation would maintain prestige and not produce humiliation. Board members have been very good at taking their austerity medicine — with the expectation that someday it would reward them with improved fiscal health.

One sign of health would be for the state to rescue the regents from their single biggest fiduciary mistake, which was to have stopped employer and employee contributions to UC's retirement fund and not to have restarted them for almost 20 years. But the state's Democrats have been as unwilling as its Republicans to fund the state share of the employer's re-started contributions, now at 14 percent of payroll, although it has always done this for the California State University system. Since the state has also been unwilling to fund cost of living increases, the result of the restart in employee contributions was a 12 percent faculty pay cut between 2010 and 2013.

The board resembles the faculty in one way, which is its lack of political clout, and they are now angrier about this than I have ever seen them. One regent described the state's relation to higher education funding as "breach of contract," and this was just one of many expressions of frustration and disgust. Cost-free complicity between the university board and state leaders has come to an end in California. Its days may be numbered elsewhere.

The third major player is the undergraduate student body, for whom the deal was to pay more for the same, not to pay more for less. Worried about jobs and skills, they have started to zero in on declines in educational quality.

As part of the tuition hike debate, Caitlin Quinn, a student government leader at UC Berkeley, said, students "aren't seeing this supposed quality education. I've been [at UC Berkeley] for three years and ever since I've been here students have been struggling to see the value of a UC education. We're in huge classes. I've been in classes as big as 800 people. I don't think there's more than one or two professors who know me by name." Students increasingly doubt that public universities can give them the individual attention they need to build the special capabilities now required by a permanently demanding job market.

As a result, UC students were as disgusted with the austerity Democrats who opposed tuition hikes as they were with the UC officials who proposed them. The tone was nicely captured by a UCLA *Daily Bruin* editorial that began, "State Senate Democrats say they 'stand with California's students and their families' with their new proposal for funding the University of California.... But this is an outright lie."

Students were now calling not just for flat tuition but also for the public reinvestment that would rebuild quality. They were clear that no decision-maker was offering this. There was a new multilateral hostility to all of the solutions proposed by the university and the political establishment — a pox on all your houses! Events this past fall began to decouple mainstream students from the mainstream policy options in a way the country hasn't seen since the 60s.

The weakening of higher ed's austerity front reflects the weakening of Democratic fiscal politics. For years, Democrats called for inclusive progress without paying for it through the taxation levels of the high-growth postwar economy. This has helped them to hang onto wealthy liberal donors and the progressive upper-middle class, but lost them the confidence of most working people. Their "politics of drift" allowed them to coast along with Republicans on the investments of the past, even as the freeways, laboratories, electrical grid, and everything else aged and declined.

By 2000, the country no longer had the world-leading pubic infrastructure that would sustain the inclusive economy Democrats still said they wanted. Public research universities were primary victims of their austerity drift.

Austerity Democrats have been as invested as Republicans in the fantasy that prosperity's infrastructure didn't need high levels of investment, just more techno-efficiency that somehow needed no investment itself.

Although austerity theory still rules public colleges, three of its major players no longer project future benefit from following their scripted roles: cutting and squeezing (administration), political compliance (governing boards), and tolerance for higher tuition and debt (students). It has become clear to them that these austerity policies will never make things better.

The decline of austerity's political coalition offers a second chance to two other parties.

One is the body of university faculty, whose senate voices have largely echoed those of their administrations. The other consists of the families of college students, who are poorly organized and have not held politicians accountable for their destructive cuts. Each has a crucial piece of the puzzle.

Educational quality can't be defined and pursued without the faculty. The full impact of student debt can't be understood without the families who, through mechanisms like Parent PLUS loans, are now indebted for college along with their children.

Were these groups to push for real public reinvestment, they would face weaker opposition from the austerity coalition than they would have faced in the past.

A strong push would make 2015 the year that the country finally started to rebuild its public universities and colleges. ■

Bio

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https://www.insidehighered.com/views/2015/01/12/essay-sees-possible-collapse-austerity-politics-around-higher-education

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