

Higher Education in California: Past, Present, and Future

Dr. Laird Easton: My name is Laird Easton. I'm chair of the history department, and this is a history roundtable discussion. This year, we decided, because of the 125th anniversary of Chico State, to host a forum on this topic, which is of both timely and interesting and important, the "History of Higher Education -- Past, Present and Future in California." We'll be concentrating on the present today.

And so, I would like to introduce the discussants. On my left is Dr. John Aubrey Douglass, who is a senior research fellow at the Center for Studies in Higher Education at UC Berkeley. He is a leading authority -- perhaps the leading authority -- on the history of higher education in California. His book, "The California Idea and Higher Education" was published by Stanford University Press in the year 2000, and reprinted in 2007. That's the book that's most germane to today's topic but he's written many other books and articles. He served as a consultant throughout the world. He's been a visiting professor at Amsterdam, in Paris, at Oxford, in Brazil. He is currently involved in a massive research project across transnational studies, student experiences in research universities. He's the founder of that project, and he is here today to talk to us particularly about the Master Plan, the famous Master Plan that set the blueprint for California higher education. He will begin the panel with a short outline of the history of this and the current crisis.

And to my right, then of course, we have someone who needs no introduction, President Paul Zingg, who's been the president of CSU Chico since 2004. I'm also pleased to say that he's an *ex officio* member of the history department. He's a historian. He's written 10 books on sports history, but he's also published widely on higher education, all kinds of issues from intercollegiate athletics to access to education. And after John gets his talk, Paul will respond, and a discussion will hopefully ensue between our two guests, and then after that I will open it up to the questions from the audience. And so that's the agenda. And with that, John, please [inaudible].

Dr. John Aubrey Douglass: Well, thank you very much, Laird, for that kind introduction and thank you to President Zingg as well for inviting me here to Chico. I was saying I think I was here when I was in high school a long time ago. I grew up in Southern California so I didn't quite make the trip that far north, but it's really a thrill to be here, and when I was invited I thought, "This is great. I want to go see Chico State," because I read about it and I know parents with children who have gone here and really say outstanding things about the campus and their education, so anyway, thank you...

Laird Easton: John is completely on script so far [Background laughter].

John Aubrey Douglass: So I, you know, wrote this book a while back I called the "California Idea and American Higher Education" and have since occasionally written additional things about the contemporary scene in California. And every time I write something I vow it'll be the last time I do it because it's like banging your head against the wall to, you know, suggest any kinds of reforms or do anything. Because it just seems like we're kind of dead in the water. Reform has been dead for so long in California in various areas. Innovation is not occurring, and the budgetary crisis just is elongated and

[inaudible] the next crisis comes along, so. But, you know, one tries to keep engaged and suggest a few things.

First I'm going to talk a little bit about -- a bit about the history. There's some, I think, sometimes a bit of misunderstanding of the role of the Master Plan, a very important successful document. But let me kind of go back and say that one of the reasons I call it the California idea was really the tripartite structure that we know of what is now a community college system, CSU and UC, originates in the progressive era, basically that era between 1900 and 1920. And you really see the emergence of the tripartite structure by the 1920s, and that includes a very successful and growing community college system. California was the first state to say, "We will develop the community college as a public function, an extension of the high school originally." 1907 is the first legislation. No other state had done this. The idea of the community college had been there, but it was never brought to fruition by any state. California committed to that, and from about 1910 until -- into the 1960s, we established two community colleges a year.

And what was the purpose of that along with the growth of what were a set of teachers' colleges, normal schools into full-fledged universities granting degrees up to the masters for most of its history, and the development of UC into a multi-campus system? The idea was to expand access to increase educational attainment rates in California to help develop its economy, and it was a tremendous track record -- just tremendous. As early -- to give you an example of how well this worked, and what a vehicle it was for socioeconomic mobility [inaudible] of a state in a very different era demographically, much smaller. At Berkeley and UCLA, almost half the students were transfer students by the 1930s, so this was a vibrant structure. I'm sure it was perhaps similar at what became CSU, although CSU really grew in large measure after World War II. So this structure of three different segments, highly differentiated in their mission, the ability to transfer between institutions, which is a California idea, a California invention that spread throughout the U.S. later on, really just put California on the map throughout the world. And so, you know, throughout the 20th Century, California led the nation in the number of high school students that went on to college and got a degree. This was a tremendous boon, and this is in a state of constant population growth and that's another theme that you have to keep in mind, which is one we're facing today. We're supposed to grow to some 50 million people -- no, I'm sorry, 60 million by 2050. Take that, you know, we're now about 35 million. So maybe that's wrong, 10 or 20%, the projections by the Department of Finance, but you get the sense of what a challenge we face.

So what was important about the Master Plan? Well, in the 1950s there was a lot of debate how the system should grow. There was a turf war between what became CSU and UC about doctoral degrees, about funding for research. But really, one of the biggest elements was there were a lot of legislatures going around saying they wanted a campus here and there, and they could pass legislation pretty easily because why did they want a campus? Well, because it was a vital form of economic development. And we knew also -- you know, generally it has been known historically that the geographic location of a campus is absolutely vital for access rates. It still is today. The internet is changing things, online education courses, these kinds of things, but it's still a fundamental truth that by having campuses throughout the state of California, which is the model we went to. Not a Berkeley at 80,000 students or

something like a Minnesota or Ohio State, but the concept that we would have some distribution. But in 1950s, there were a lot of legislators who were willy-nilly and passed -- trying to pass legislation to create a campus not based on any coherent plans

So the 1960 Master Plan really, what it did was it was not a biblical event. It didn't come out of nowhere. It was based on basically preserving a very successful system with lots of fighting and biting about who got what and where, but preserving the system more than changing things. And in fact, if you look at it, it's a highly political, economic document. It actually reduced access to CSU and UC. It didn't increase access, it reduced it. Why? Because it was one way to control cost by pushing more students to the community colleges. They could -- they painted a reasonable economic plan to the governor, then Pat Brown, and to tax payers that this was an efficient way to move forward, part of a series of compromises. So the Master Plan was extremely important because it ended this kind of ad-hoc campus growth that was starting to occur, created a successful plan for growth, and it was very successful. I would say very successful perhaps into the 1970s, and then you're starting to see a dynamic change, and this is the dynamic we face today.

And that is -- this is a plan based on, I would say reasonable, some people would say a fairly high level of subsidization by taxpayers of the system. In other words, it will not function in a way that we think coherently as a symbiotic structure of different institutions that are part of a whole without adequate public funding. And we are now in a three-decade-long-plus decline that has been highly accelerated by the Great Recession, and the inability of our political leaders, and the people of California to some degree, to grapple with this and see education as a vital component of economic development.

And I don't want to sound overly political, but I would say one angle of this is, yes, we really have problems in the state of California that relate to pensions that are not reasonable perhaps or that we need to reform. Yes, we have too many people in prison, and it costs us dearly financially. And so these are areas, along with Medicare and health cost that are eating up discretionary dollars at the state level, yes.

But at the same time I would say, what we're seeing now, this beginning of an unraveling of the system in various ways that -- well, I think we'll discuss more because Dr. Zingg will have things to say about it -- is, to some degree, the result of the "starve the beast" mentality of a subgroup of the politicians in the state that can control the budget. And I think if you understand what I'm saying, "starve the beast" is this long-term concept that right-wing Republicans have been espousing in the state of California that, you know, the way to reduce government is to simply starve it of funds. And so I'm going a little bit more political on you but I think there is -- this is -- you're starting to see the real -- there are consequences to these kinds of policies.

And so a couple of things just to note to give you a sense of the decline. California, again, at one time was among the top states always in high school graduation rates, college going rates, BA production rates. And at the same time as I did an analysis in my previous book, California was always basically at the average among the states in terms of taxpayer burden for its system. It was a highly efficient system with lots of -- with tremendous productivity. But I'm looking and I have an article and I have this -- just to

remind myself of the data. So now if you look, I have this one thing in an article I did, "A Report Card on California Education," and you look at some of these numbers now. Okay. California used to be number one in most of these areas. And again, it is more than just money; it's complex, the demographic change is absolutely huge. We have larger societal issues going on, greater poverty levels, decline in the middle class.

So there are these larger kind of macro issues that feed into this, but you look at the -- where California ranks in the U.S. right now, we're -- in K through 12 spending per student we rank 44th. Don't forget, California is the 7th, 8th, 9th, whatever, something, largest economy in the world if it was a nation. We have tremendous wealth in this state, and it's -- but we're now in a world of peaks and valleys, where we used to have decent quality across the board. You're seeing a lot of peaks and valleys in public school systems and in the community colleges, things of that nature. In K through 12 spending as a percentage of personal income we're 46th.

Another element that I think that I am concerned about that I think the Master Plan doesn't match up in the modern world is we are way too dependent on pushing students into community colleges. Not that the community colleges aren't vital to the state of California -- by the way the most underfunded community college system in the United States by far -- we are also the state with the greatest dependence on that system. So we have around 75% of all our students in California, they're not going to CSU or UC or a four-year institution, they're going to a community college. And among those students, around 70% of those students in community colleges are part time. This adds up to a formula, and there's many studies about if you have so many students in community colleges, what kind of net effects you have on degree production, and it is complex and notice that you can debate it. But basically this is a high attrition system. We do -- if you look at where we are in terms of people getting into higher education because of the community colleges, we're about in the middling of the 50 states now, roughly. But we're in the bottom five or six states in BA production, so there is a correlation. We're stuffing a lot of students into an underfunded system, and it's questionable that that balance makes sense in a highly competitive world, and which California needs to generate -- not just rely on people coming from out of the state to help us put fill jobs in the technology industries -- in these kind of things.

So these kinds of figures are just astounding, and some of the other results that we see in these rankings. High school seniors who enter higher education, we're now 49th. So what that means is a lot of students who go to high school, who may graduate or not, sometimes they come back into the system later through the community colleges. But that pathway from high school graduation to a four-year degree or a community college is severely not working -- it's not working well. Baccalaureate attainment rates of 18 and 24 year olds we're 43rd in the nation -- 43rd. We used to be number one, okay? And so there are also net effects or differential effects. Okay, if you're a fairly -- from a wealthy community, you go to a good high school, 98% graduation rates from high school, you're going to college; you're going to get a degree. But that -- you go down the economic ladder, and you see very severe differential effects.

So I would argue that this structure is particularly biased and hurtful for under-represented minorities. And so if you look at the data, under-represented minority students in four-year institutions we're 47th,

and then under-represented minority students with a BA or BS in the state is, we're 45th. Okay. So, I'm sorry, a little too much data.

But the other thing, then, I want to tell you is that you need to think about the world at large and just not the U.S. as a standard to compare with. And if you look at the OECD rankings, that's the Organization for Economic Co-operation and Development based in Paris; it's about 32 mostly developed nations. It's a great comparative database to look at our competitors economically. Well, the U.S. now ranks in high school graduations 10th or 11th -- high school. Higher Ed graduation rates among 18 to 24 year olds, the U.S. used to be number one throughout the 20th Century -- most of the 20th Century. Now we're 15th.

So, anyway, this, you get the idea. California is doing really badly in BA degree production, and the U.S. is doing really badly. [Laughter] So this is a really, really major problem and we can discuss I think, again, more of the complexity of why that is so.

I'll just conclude my comments by saying that the net effects -- I'm sure you're aware of to some degree or perhaps fully. You read the papers, you know, that, for example, CSU has gone down a path to say that, "Look, we're not going to keep getting huge budget cuts and take additional students in." There's got to be some limit to this, and I think it's a little hard to tell what the numbers are. They put up these targets that we had 20,000 students that normally would come to CSU but they're not last year, another 20 this year. Estimates by the California Postsecondary Education Commission, which is our coordinating body, which was recently eliminated because of budget problems, we have no coordinating board now in the state of California. It's a joke. I mean, you know, almost every state has some kind of coordinating board but there's a lot of politics to that. But they put out a study before they were put to the axe in which over 200,000 students they estimated who normally go to community colleges can't get in, and I'm sure you've seen some of the papers about this. That number is growing. So we're seeing real problems with access rates and these institutions struggling just to maintain quality and not take on 15,000 students without budgeting, That's the number that UC says it has with no budget. UC is talking about this more at the margin, but I think what you're going to see is that the CSU and UC are going to more and more, say, "You know, we just cannot keep growing with the state under this budget scenario with the state of California's contribution dropping and dropping as a percentage of the overall whole operating budget." We have to go find other monies, but we're never going to find the kind of funding that we had in the past to keep up with population growth. And these institutions as a whole will make these kinds of decisions.

Then internally, you're seeing in the system that institutions are struggling to survive on their own and the coherency of the structure is starting to break down. Berkeley, where I am, the general concept, I'm sorry to tell you, is Berkeley cares about Berkeley. [Laughter] They don't care about the system. So they're looking for ways to wriggle out of what we would say were things that made UC a coherent whole like, you know, similar tuition rates, these kinds of things. You're just starting to see the structure start to fully unwind.

Then my final comment about the consequences of it is, well, demand is going up, right? We have a growing population, more and more people understand that they need to get a higher education degree

or experience in some way to be economically competitive, and that's the model down the road. Every developed country understands this and is putting money into their higher ed system based on that concept and based on the research on economic development. But they can't get into public systems, right? Or they'll have fewer avenues to get into it.

Who are the winners? The for-profit sector; they are the ones that are growing like crazy. And guess what? Well, there is some quality there but there's a lot of bad quality, if you read the papers or follow any of this. Attrition rates are really high. Biggest debt loads are in the for-profit. 50% of all student debts or 45% of all student debt in the U.S., when you hear about it, are students who didn't get a degree or did get a degree, but a lot of them don't get degrees in the for-profit sector, and are now out there and they can't pay their bills. So the for-profits, even though they are not necessarily efficient, and that they rely on taxpayer money, are the big beneficiaries of this. And I think you're going to see them continue to grow and do quite well. So...

Laird Easton: Thank you, John. I should mention that the history department will post a link to the article that John has talked about. It's really a short 50 -- a great article, an overview of the higher education system in California in the crisis. So that will be on the front page of our website. Paul.

Dr. Paul Zingg: Sure. Let me, first of all, share some impressions, not just from what John has said today, but in reading quite a few of his works. And then turn that into a question or two for John because he does have some very sharp ideas with respect to new funding models for particularly for public higher education, and other ways with which we can deal with the challenges that we have.

I was on the East Coast for most of last week, and I was at an event at the University of Pennsylvania, and a friend of mine came up who loves the fact that I live in California having once been at Penn, and keep asks me when I'm going to get California out of my system and move back to Penn. And he said, "By the way, how is that Master Plan going?" And I said, "Well, actually, it's alive and well -- in North Carolina." [Background laughter]

And it's true, because one of the great aspects about the California Master Plan is how it influenced thinking not just in this country, but globally, in taking seriously the construct of a system for education that really took to heart issues of access, issues of quality and issues of affordability. And what I find, you know, among the many remarkable things in John's work is his reminder that the hey day of the Master Plan lasted shorter than the bad days. In fact, they had decades of the Master Plan. I mean, the '60s and the '70s, maybe 20 years give or take, was the hey day of the Master Plan. We've now been almost 30 going on 35 years in which we have struggled with trying to match the promise of this plan.

I enjoy immensely one phrase among many in John's work in which he says, "The future that we're looking at is now one where we will be characterized in the state by less education, less prosperity and less innovation." Tom Friedman in "The World is Flat" said something similar in that he felt that, "You know, we can use stimulus packages, and get ourselves back to something that looks like stability, if only temporarily." But he says you can only invent yourself back to prosperity, and the way you do that is to get smarter.

So my question for John and maybe this is the way to cue our conversation is, how do we get smarter? When we act so dumb, when we cut off arms and legs, when the notion of anything approaching a vision for the future of this state, much less for higher education, seems so strained? And, in fact, what we're looking at is a future characterized by less education because of less access, less innovation because of less education, and less prosperity. Because it raises the fundamental question, if you have access and no quality, what kind of access, you know, is that? But, John, you have some very interesting ideas about different funding models, some of which might be drawn from the for-profit sector, and some of it drawn from other influences. And there are two in particular that I'd really appreciate if you would share with us. One, are your observations about international students, beyond cultural enrichment, beyond helping us become more globally aware. If you would comment on that first, and then I'll follow up with another question.

John Aubrey Douglass: Okay. Well, I have been looking at these with international students, and so of many campuses, obviously. And there is a growing model in which a lot of public universities understand that they can bring in additional funds by charging international students more money, just like out-of-state students. And many times there's a kind of a conceptualization that bringing in international students will displace domestic students, and that's a real concern, absolutely. But I really advocate that California is in a unique position because of its institutions, because people know California, because the U.S. is known as a land of immigrants who generally have been historically with many, many, many problems; more open to talent from throughout the world. This is one of the things that have made the U.S. different than much of the rest of the world in tracking faculty and students and talent over time. S

o I think if you -- the one element I advocate is that we should be thinking a lot more aggressively about how international students can fit into an economic model that it does provide additional access. And to give you an idea, if you look at some comparative countries such as the U.K., which is having its problems with the Cameron government and the Great Recession there, and it's not a simple story. But around 18% of all higher education budgets in the U.K. are funded via international students. It's part of a structural model on which they're then using those funds to help subsidize and bring -- and build capacity and such that it's financial aid for other students. So I think -- I very much advocate the idea that we need to kind of change this, and understand that it's not mutually exclusive that international students displace domestic students. That in fact, the modern economies will be -- the most competitive economies will be those that bring in international students and help build a funding model and structure that expands access for domestic students.

And California is uniquely placed. I mean, if we could just get our act together a little bit in marketing and thinking about this, I think it could be one component. It's not the salvation but one component. Then the other thing I guess I would say, which I think is some people would not be as happy with, but I think we have to understand that we're already re-conceptualizing the role of tuition in this system, and so how do we rationalize that? And what I would say is that rising tuition should be thought of increasingly and unfortunately, it's very difficult because we don't have a lot of good economic studies on it, in terms of the elasticity of pricing and how it affects lower income students versus middle class versus, you know, upper income which wouldn't affect probably, but it is that we see it really as a form of progressive taxation. The State of California is failing us in its ability to provide public services and

having a fully, in my view, when you look at the personal income tax rates and all that, failing to provide for an essential public service which is higher education, K through 12 as well. And -- but on the higher ed sector, the market structure is such that we really should be saying, tuition is a form of progress -- I call it progressive tuition model. And that we're basically charging more for upper income students to help subsidize lower income students and help to, at least partially, not just sustain ourselves in quality, but looking for models that can help us figure out how to grow. It's not easy and I don't pretend I know the answer, but we haven't good modeling on that in a coherent way partly because tuition is such a hot issue and very emotional.

I'll give you an example, this one last and then I'll go back to you. And that is, that there's a real misconception about tuition, I think. It is a complex issue, but I would say the rule is this -- tuition can be too high, and it can have very negative effects and we need to understand where that is -- but it can be too low. And if you look at the community colleges -- it has the lowest tuition in the U.S., it's the most underfunded system in the U.S. It has among the highest attrition rates in the U.S. It is very unproductive. Why? Partly -- why are they not accepting 200,000, 250,000 students? They don't have the money to provide the lectures. It's not because they're not demand. And then you look at all the other states, the average, you know -- tuition in community colleges is around \$2,500 or something like that. If you look at other states with higher tuition, they have higher degree production rates, they have higher -- you know, all the monikers of success are in these systems with somewhat higher tuition. So it's a complex issue, but I think that is part of it.

And then the final thing I would say related to your question of how do we get somewhere, I think historically. Unfortunately, my sense is, you really won't help get to a new model that could potentially fund a growth in the public sector without the leadership of the governor. At least historically, I mean we could make some maybe marginal improvements if this November proposition passes and a series of things over the years occurs and somehow and the economy comes back. There could be some pieces that will help us not -- I don't think get back to where we were, but in the 1960s or something in terms of our ability to expand with population. But I think it's still -- you still need a leadership at the governor's level who says, "This is a top priority for us. I'm going to help figure this out working with the segments." And I don't see anything in the near future that tells us we'll have a governor like that.

Paul Zingg: Yeah, I don't either. [Background laughter] What I do see, as you pointed out, is a burgeoning population growth in this state going from 37, 38 million now to 60 million by the midpoint of this century. Population growth traditionally, at least in the context of the Master Plan, has been accompanied by growing campuses, and 23 in the CSU, 11 in the UC, 118 community colleges; and it suggests that the population goes up, you know, 60%. We might see -- we're going to see some campus growth. You have some -- I think some interesting thoughts consistent with the Master Plan about role differentiation, not just among the sectors, but within the sectors. I wonder if you could talk a little bit about that.

John Aubrey Douglass: Sure. So I could go and get too complicated about it, but I think my largest advocacy is that we think of how to build the Master Plan off of its strengths within this new funding model and all that, which, there are a lot of unknowns as to whether we could afford it. But let's say we

do at some point get to some improved financial position, and we have leadership at the executive level and a series of how the stars all align. It's a little hard to imagine, but maybe it could occur. And I think the community college system -- and this is an -- you know, you talk to community college people and you'll have a strong sense that they understand these problems. The question is how to do something about it politically, but to differentiate the system to some degree. And I've been very reluctant over time, but I think I am now in agreement that we should experiment in the state with certain selective community colleges granting the BA. There could be some real structural things that need to occur as to what the governance is. You know, most community colleges are very tied to their 72 districts, and there's a governance structure that's a bit complex. But -- so the concept is that maybe we have 10 or so that under a separate kind of structure of governance, mature into community college, and they're strategically placed. It's not going necessarily to the Santa Barbara's and the Santa Monica's that are strong, but are in rich communities. Okay? It's about where could we place them in places in which we will get, you know, potentially really increase access and degree production rates among underrepresented groups, lower income groups, things of that nature. So we're thinking strategically about it.

Then I would say, you could take another grouping of institutions and say, "You know, you're truly a comprehensive community colleges." So one of the arguments about community colleges, one of the weaknesses, strengths but real weaknesses is that they're supposed to be all things to all people, and they just cannot manage that. They can't do that. especially with such severe underfunded systems, so you just find a real problem to that model. But, say, there's another grouping. And then there's another that might be selective and working more on a vocational structure of some sort.

Then as we discussed previously, I think one of the big weaknesses in the U.S. generally, but also in California is that we don't have a vibrant polytechnic sector that we might think about taking the Cal Polys and saying, "Well, you know, if we're going to grow, maybe we should grow in institutions that are really focused on applied areas that can really fit into the economy. There'll be demand, believe you me. Look at Pomona and how it's maturing now very quickly, and of course, San Luis Obispo is a fantastic school, and one of the most selective in the state. So there's a rationale within the system. I think those are the main points of differentiation. I think the other part though is the CSU, which I know there is discussion about is might there be some differentiation inside the CSU system itself as to what kind of programs are offered, what are really comprehensive universities versus perhaps ones that might focus a little bit more on areas that fit into local economies. But I appreciate your thoughts on that.

Paul Zingg: Well, let me ask you one more question and we'll get back to that. The -- another aspect of your writing that I appreciate very much is you do appreciate the benefits of institutions that really focus on building a strong sense of place -- real place, not virtual place. Where that face-to-face interaction for students with faculty, with staff, with their peers. Particularly in an institution like ours, which is primarily residential, which is primarily focused on an 18- to 23-year-old, you know, population; where we're helping people grow up; we're helping people become good citizens; and where arguably we have a better chance of doing that in arenas like this rather than at a distance and through an online medium. Did I capture your thoughts correctly in that summary?

John Aubrey Douglass: Yeah. I think the thing is that there's a lot of discussion about how massive online courses will take over the world or be, you know -- or that this is the way -- the wave of the future, and why isn't every institution doing this? And I think a lot of the discussion about it isn't really based or isn't fully appreciative, of the research that's been going on for some time about the differential populations and effects of online courses. Again, this is a very important innovation. But if you look at 18 to 24 year olds, your cohort here at Chico State, for example, you know, apparently purely online course environment, you have very little success -- attrition rates are through the roof. They just drop out. And this gets back to the elements that you're talking about, what are those components about how students mature and develop over time. You know, that human interaction actually can be extremely important when you're -- particularly at that age group. Now, internet online courses are much more successful for professionals, people who are in older age group; and usually they're professionals and part time, not doing a full-length course. There's a -- there's, you know -- there's different personalities and people, but you're seeing these are real important trends." So this is not I think fully grasped at times. And I would say the other thing is that, look, there's going to be a -- with online courses I kind of equated that -- you could tell me differently -- it's kind of like the microwave, you know. If you want a really good quality meal, you're going to bake it in the -- cook it on the stove. The microwave is fantastic but, you know, it's one part of an array of ways of getting to a cooked meal. [Laughter] So I kind of see it that way, and that it's a much more differentiated market. And at the same time I think our society has to go -- you know, cheapest isn't -- and they think it's cheap as it's not always cheaper, absolutely not, but it's attractive to many because it seems to be a cheaper way of delivering and more modern. But, you know the value of human interaction should not be discounted. I'm not saying that, again, there's array of ways of providing things, but this is -- ludicrous to talk about a society that can't afford to have a significant number of students at the 18- to 24-year-old level going to a place where they can be nurtured and not just be -- only in the internet world. I mean, this is crazy to think that we don't have the resources to provide that and I think the research is showing that that is the way you're going to get high degree production rates if you think students should get it in a certain point in their career, and not when they're 35.

Paul Zingg: Let me go back to the questions that you asked me. We are a polytechnic university. We're also a liberal arts college. We're also a comprehensive university and we're a residential institution. And we have a service mission that serves a region the size of the state of Ohio. So if you can imagine Ohio with one public university, [background laughter] 46,000 miles -- square miles...

John Aubrey Douglass: How about -- Humboldt State doesn't count or...?

Paul Zingg: They don't count. [Laughter] Tiny little strip up there in the northwest. But we serve 12 counties, and it's by far the largest service region of any of the campuses, you know, in the system. But -- and we have to be all of those things because even though we don't have the population of the state of Ohio, our population has every need of all of those people in Ohio -- so nursing, education, engineering, agriculture, historians. We cover, you know -- cover the full range of expectations. And we do this within a residential setting, but nevertheless with expectations from folks who are 400 miles away from us and

still in our region that we're going to help them, too. So the tension of trying to balance of all that makes for interesting days, but it makes for an incredibly powerful mission, and I think what frustrates a lot of us is that we know what we can accomplish, and we know what more we can accomplish if we had more. And, you know, I always emphasize that among the things we can control are attitude and effort. But it gets a little thin, you know, sometimes when the \$750-million reduction that the CSU has just suffered may be facing another \$250 million. And although we're focused on the other \$250-million shoe that may drop, have we forgotten the \$750 million that we've already experienced? So recovery and resuscitation in many respects is going to be complex. It's not going to happen overnight. But again, I find a lot within your work; some really good food for thought as we think about not just the funding models, but mission delivery choices that we must make.

Laird Easton: Perhaps shortly we will open it up for questions. Actually, we'll do it right now, but I will have the first question, and then I'll open it up to the questions from the floor. I've been curious, John -- and Paul, you can weigh on this as well -- you talk about a tension always between access and quality, and in fact that the Master Plan was a way of restricting access to what became the CSU and the UC system. From the point of view of the professor, the professoriates, I think that we see -- I think many of my colleagues would agree -- many students who are completely ill-equipped for college, who don't have the fundamental writing, reading comprehension, technical skills, analytic skills to complete a BA or a BS. If we are going to expand that in some hypothetical model that the right governor comes into town and so forth, we expand access, how do we deal with this without become diploma mills such as many of the for-profits are? That I think is something that is a very deep dilemma, and it may go back to the collapse of K through 12 education. It may go back to changing demographics. But it's already a problem and if we expand access it will become an even worse problem.

>> **Dr. John Aubrey Douglass:** No, you're -- that's one among many conundrums. I get -- one thing I would say is, there's always been students who need the remedial education support. There were something called "Subject A," which was basically basic English that was started in the 1890s for UC and it still exists. [Laughter] So it's really a matter of degree, we're always going to have that to some degree. The other part that you point to is, you know, a crucial element to making -- it's a very symbiotic system, right? You know, if you have a breakdown in the high schools, you've got a beginning of a breakdown throughout the structure and system that this -- community colleges cannot handle and provide the role within this larger structure aids. You know, it all starts breaking down. So the K through 12 conundrum is significant. I do think even though there's lots of argument about this, it's not just about money, but it is also about money; and the amount of money we're spending on a K through 12 is just, you know, rock bottom -- bottom 10 states. Hey, we're like Missouri -- I mean, not Missouri, sorry. Mississippi is as it's a common [phonetic] look, you know, the states that are just historically, you know, at the bottom. And so I think this is a component of any eventual improvement. I mean, I could argue that we should probably be spending a lot more than the national average on students because of our demographic richness. I mean, we have really severe significant pockets of poverty, and so I don't have an answer to that completely.

I did put in something that I thought was a beginning of a -- one way of dealing with it, and it's kind of a variant on earlier themes. And I said, "You know, a lot of community colleges should begin

experimenting and develop something called a 'gap year'." And a gap year is a term used in Europe, and now we're starting to hear it here, in which a lot of students who are going on a university take a year and do something else. But we might form it and structure it in such a way that really is a legitimate -- it seems a legitimate coherent program in which students could go in and do preparatory. In other words, you go to a community college, you kind of get lost in a larger structure. That piece is there, but we could really create a more coherent structure. And I think it could appeal to not just low-income students, but middle class and it could actually have a funding structure that could be self-funding. So I think that's -- I don't have a magic bullet. It's a big problem, but I think structurally we could see the community colleges really build a program that's really focused on college or preparatory and creates a more legitimate avenue. I think a lot of students, particularly from upper-middle class, families don't really see an -- you know, the community colleges now because brand name has taken over our world where it didn't 50, 60 years ago it was very different how people perceived where they were going and all that. But if we could create more coherent structures with community colleges, I think that would be one way to try to address that problem.

Paul Zingg: Yeah. I think the conundrum of having students who are eligible -- and there are 440,000 students in the CSU. All of them were eligible for admission at one point, and so many of them though who are not ready to succeed. You know, even here, we're looking at about 20% of our incoming freshmen who need remedial assistance in either English or math or both. And that's on the low side of the need in the system. There are some campuses where it's 80% or more -- folks who are eligible, but not ready.

The solution will be complex, have many parts to it, including the quality of teachers that places like Chico State and other campuses in the system that have schools of education produce. Partnerships with community colleges, particularly with respect to helping students in community colleges -- if they can get them, big question; but choose courses wisely that will transfer, so they're not wasting their time. They come in ready to move forward and earn a baccalaureate degree in two, if not three years. Early advising, early start; I mean, all of these are initiatives that in one way or another are focused on getting the information out in order to equip teachers K through 12 with an understanding of what we expect once those students, you know, move beyond twelfth grade into thirteenth, fourteenth, you know, and beyond. And the solution will involve all of these things but I think in particular, John, you're absolutely right, it cannot succeed without changing the disinvestment rut that we are in in this state, preschool through graduate school.

Laird Easton: So are there questions from the audience for discussing? Yes sir?

(Question not recorded)

Paul Zingg: Yeah, if that's the case, absolutely. You know, I can't speak for what's happening in the system, but I do know that at least in the last 10 years we have seen a reduction of the workforce in administrators parallel to the reduction of the workforce of staff and faculty. The freeze on salaries is something that affects -- has affected everyone at this campus and in the system, you know, over the last five years. But I think your question is one that has to be addressed not just in what's happened in

the last five years, but going forward in the next five, 10, 15 years, so that, again, to quote Friedman, we get smarter in the way in which we employ our workforce, and the way in which they meet the fundamental purpose of this institution, which is to support student learning and success. Everything has to be measured in terms of our ability to do that, including a sense of who our administrative leaders are and their absolutely, you know, clear focus on that bottom line.

John Aubrey Douglass: I'd only add that, of course, administrative costs need to be looked at. We're going through a period in which we're calling and cleaning out a lot of the -- I mean, where there are huge cuts. I mean, staff had been fired -- Berkeley, I have projects with people who are getting fired [laughter], you know. We're raising student-to-faculty ratios. All the things that are seen as greater efficiencies are occurring, you know, and there's been this pattern and we're continuing to do it.

There will be real effects to this, too, though. It isn't all just like fat, there are people that actually do things, and that are helping the place be productive. So we're going through a process right now, I think all these systems of -- just, you know, really devastating cuts and salaries and staffing. And so it's a process going on now of -- I think we'll have to see what the full effects are. You know, you have to remember if you look at a budget, again, I don't know quite what Chico would be but, you know, in the UC system, you know, faculty salaries are 80% or something of the entire budget. So, you know, we're hiring highly professional people. This is the biggest budget area in the university and, you know, when you look at administration even though you can hear a lot of things about administration, the actual percentage of the money being spent on it isn't quite as large as people think. Same thing with the school districts as far as I think the last figure I saw something like 8% goes to administrative costs or something in California. So that's an area to look at, but sometimes I think it's a bit exaggerated as to what you can squeeze because when you look at budgets for higher education and schools, a lot of it's labor and hiring teachers or part-time people.

Laird Easton: Other questions? Yeah, Mike.

(Question not recorded.)

John Aubrey Douglass: No. In fact, if you look at when the Master Plan occurred, it had aligned with the tax reform structure that Governor Brown put forth. Because in 1958, the state faced its first deficit since World War II, and he ran partly on that, you know, fixing the budget in California. I think it was a bit simpler then; there was a lot of enthusiasm and positive sense where California was going, and so it was mostly "sin taxes" and things that were put into place that helped create the environment to negotiate the 1960 Master Plan. There was a sense that the money would be there, and that the state was growing, we thought growth was great. In 1963 California passed -- surpassed New York and the Governor asked that everybody flashed their lights on a specific day and honked their horns [laughter]. A different approach to growth.

So Prop 13...again, I would defer to President Zingg on this partly. But, yeah, I mean, Prop 13 is a big, big player in the overall beginning of the unraveling of a state relationship with local government, with a proper funding. But I wouldn't say it's the only thing. There are a lot of other components to this story including, you know, dramatic demographic changes. And, again, California was a very strongly middle-

class state, mostly white -- not completely but, you know, 85% depending on how you look at the census in 1960. And immigration laws and other things have added to the mix; a great strength in California but also has changed -- helping one contributor to the changing dynamics in labor markets and these kinds of things. So I think, well, I'm not a supporter of Prop 13. I don't blame it completely for our problems. If there had been leadership in Sacramento at various points, incremental changes in tax codes 10 to 15 years ago, the slight increases, we wouldn't have this problem. And I would point to another thing that we don't hear much about these days and -- but, you know, you remember Enron, that was a raid on the California state budget of massive amounts. The Bush administration let California swing in the wind and let the huge exodus of gigantic amounts of state funding go zipping out of the state that led to a further tumbling. So I think is a combination of factors.

Paul Zingg: I think one of the things, Mike, that I know you know is that California in -- there's an old saying that California is like the rest of the country, only more so. You know, it's in some respects popular democracy gone crazy, with recalls and referendums and other expressions along those lines. But Prop 13 begot Prop 98, Prop 98 begot Prop 116. Maybe Measure 30 -- the ballot in a few weeks will "begot" something else. I mean, to a great degree all this "begotting" has limited the flexibility of the state budget. So where do we sit now? We sit in a tiny sliver that's left for discretion along with, primarily, prisons. And as John mentioned, you know, earlier, and tell you more specifically, we spend more on prisons now than we do on all of higher education combined. The 23 CSUs, the 11 UCs and 118 or so community colleges, more on prisons than all of higher education combined.

Laird Easton: Yeah, oh ...

Paul Zingg: All three, all three. We spend over \$50,000 a year on a prisoner, we spend in the CSU, you know, \$4,500 on a student.

Laird Easton: And that relates to some degree, the Three Strikes Law.

Paul Zingg: The Three Strikes Law.

[Inaudible Crosstalk]

Paul Zingg: The unintended consequences of that was a dramatic expansion of the prison population and a dramatic expansion of the recidivist factor within that population. So do we invest in failure? I mean, to put it simply, in prisoners or do we invest in hope? Education?

Laird Easton: Yes, right there.

(Question not recorded.)

John Aubrey Douglass: Yes, I know you know a lot about it. I think what I would say is that I think I have long been kind of disappointed at the leadership. For example, the University of California President's Office and the President itself have been really a crucial player, now we're talking historically, in the development of the high school, advocating for school funding, like why didn't the President's Office go out and start talking about the need because of the problem with the pipeline in K through 12, and the

funding decline in the 1980s and these kinds of things? So I've always felt, you know, there's this need for leadership to talk about the system as a whole. And what we're having is a process to a large degree of devolution, in which everybody's just trying to fend for themselves. So but at the same time, I'm sympathetic [chuckle] I think, to the leadership and the problems they're facing. You know, it is just really hard, harder to be a strong leader when you're facing a year crisis after a year crisis. I mean we're in a world in which the leadership doesn't know what its budget is for an academic year until they're half-way through it and then it's really large. So while I agree that there have been moments, I think we're now at a stage where the problems are so severe that I kind of understand. I think it's just really difficult to elevate when they're dealing with that year to year. You're looking at your feet all the time. "How am I going to get by the next year, you know?" So I don't know what the President has to say about that issue.

Paul Zingg: Well I mean I've got a Lincoln quote in my head [chuckling] and 70 others, but I think leadership basically comes down to not just what you know and the mastery of an academic discipline or a particular skill. But it comes down to the way in which you lead through the force of personal example. And an institution -- an institutional example. It requires us to make choices and to be clear about the choices that we make, and to marshal our resources sometimes bravely and boldly, in order to support those choices. I think making hard decisions is what it comes down to and I agree with what I think I heard you say that sometimes we tend to avoid our decisions because that's hard. And unfortunately I think leadership really demonstrates its mettle when it articulates a case that involves making hard choices and then sticking with those hard choices. At the same time, being flexible enough to appreciate if you've made a wrong turn and being able to get back on track.

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Laird Easton: Daniel?

(Question not recorded)

John Aubrey Douglass: That is an argument that is made in Sacramento. And there is this growing body of evidence, there's a new study that just came out that showed the economic impact is that for every dollar spent on [inaudible], this is not new data. I mean they've redone it and it's done by some Berkeley colleagues. You know you generate four point -- \$4.50. Now that's including getting back Federal tax dollars and other things. If you look at UC, it's like \$12 to one or something because it's again, it's magnified by the amount of research money that's coming in. You know, UC itself is a \$21 billion operation. The State of California's total budget is like what -- \$95 billion, something like that. Anyway you get these scale kind of effects. So what I would say is that that argument is being made but it doesn't necessarily work. I mean it's like we should keep doing it and see if it will work and try to get the public and business to be more supportive. But you know, I think is a test to the disarray that we are in, the severe financial problems that we face and have faced are a huge distraction. And getting away, you know, an example that one could say is positive perhaps or negative is that CSU actually has a lot more authority and autonomy now to figure out its future internally, which may come back to leadership. You have a new President and how this all will work and how the -- I mean a new Chancellor, excuse me, and

then you have the Presidents working together. But one effect of this disarray is that CSU now has more authority to figure out where it's going to go. For example, good or bad, if there's this huge cut that comes in November, midway through the fiscal year, CSU can at least consider internally whether to raise tuition as one mitigating factor beside a 6% cut in all the faculty salary which is on top of other cuts which gets back to how a lot of -- you know, there's a lot of efficiencies being made in the system. So you know, unfortunately, I don't think we are in an era in which coherent arguments necessarily win the day in Sacramento. But there are other effects that are occurring. And so one is, CSU will have more ability to really understand its future and how it should develop.

Laird Easton: Yes?

(Question not recorded.)

John Aubrey Douglass: Should we democrats -- should we have a state-wide election for the Board of Trustees? There are some states that do that.

Audience member: [Inaudible].

John Aubrey Douglass: Localized? Regionalized and then they -- there are some states that do that. I think there's some real costs to that, I don't know.

Paul Zingg: Do you politicize in the beginning or do you politicize at the end? If you select your Regents and your Trustees through some kind of popular election, you are immediately going to politicize the process through campaigns and, in many respects, promises that those individuals can't possibly provide. Or do you politicize at the end by allowing, as it is the case right now, the Governor to make those appointments and to have those individuals beholden to the Governor on a particular stance on a series of issues? I mean quite clearly right now in the CSU, the Governor is interested in appointing Trustees who would hold the line on student fee increases. On one hand, there is a powerful argument for it but on the other hand, how realistic is that if state support continues to decrease? But if you've taken a pledge against fees on one hand and the legislature is reducing, say, support on the other hand, I mean what options of any magnitude, you know, are left? And of course, right now, not every Trustee or Regent is appointed by the Governor. Some come from the ranks of the -- at least the nominees come from ranks of the faculty, from students, from alumni. So there is broad representation of the different sectors that constitute our academy. But I don't think -- I don't think it's a simple solution simply to throw it out to a popular election.

Laird Easton: Trudy?

(Question not recorded.)

John Aubrey Douglass: You're not redundant but it's kind of a further breakdown in which, you know, we're having real differences between the funding structures of the various campuses. I mean we really have built these systems around the concept of relative equity and distribution of state funds, for example. So I understand your point. So first what I'd say is, while I do advocate the idea of us thinking broadly about international students and out of state students being a component in a larger funding

model, I think we really need to think of it as an overall system kind of structure, a state-wide kind of way of thinking or even regional. Right now what we have is each campus is doing whatever it wants or can do in order to help with its bottom line and that's very different. So Berkeley, for example, wants to move to 20% or so out-of-state and international students and this is problematic because for the first time -- there is this devolution story of what's happening in the systems. There's lots of things going on that are beginning to tear at the coherency of it and in this case, there has been no discussion at the Office of the President's level about what are the consequences if Berkeley no longer takes "X" number of students into the system? What's the cascading effect and who also is going to pick up the other domestic students? So this is where we're at right now, where everybody is just struggling to kind of figure out how they can help their individual campus survive.

So what I'm advocating is we think much more comprehensively and for example, I do think, even though you may not think there's a market for international students here at Chico State, there is. There's a lot about having to have more coherent marketing, ways of approaching, thinking structurally about it. I think there still -- what you're saying still may be true that some students will be more attracted to being in the Bay Area perhaps than some -- like an area in Northern California and Chico. But there's still a market demand if we're smart about the structure and how we approach this.

I'll give you an example, is that many of the international students that come to the U.S. from China, which is our biggest provider, these are from families that go and pay people to give them advice as to where they're going. They can't navigate. It's very difficult without them going to somebody like this. They can't navigate anything. We have nothing in California to help these people, students navigate to potentially come here. So my sense is, not knowing for sure this is the kind of thing where we need analysis and study. that we really could think more comprehensively about this structure.

And I'll give you another example, which my Berkeley colleagues would not like, but if we did this -- again, I'm speaking theoretically [chuckle] -- is well, if Berkeley takes so many international students a certain percentage of that goes into a pool that helps support students that [inaudible] use parts of the UC system. So you can think other ways about this. A certain percentage should go to Financial Aid. One thing I failed to mention which is very important of our progressive tax system is that, you know, right now the model is about 33 cents for every additional dollar in tuition goes to Financial Aid in the UC system. And I think it's probably pretty similar at CSU. It's kind of a now working standard so the people understand that tuition increases isn't just about raising revenue. It's also about providing access to lower income and middle income students. So the same kind of models I think can apply on the international side. But right now, everybody's just trying to survive.

Paul Zingg: You know, John is absolutely correct in underscoring the fact that there really is not, either in the UC or the CSU, something remotely like system-wide enrollment planning or enrollment management. We do have targets but the distribution of those enrollments and in fact the concern about whether learning occurs, you know, with those students, with those enrollments partly because it's difficult to measure. It's not necessarily in the equation. International students -- we have 611 international students enrolled this fall at Chico State. That's a little less than 4% of our total student body. Those 611 students bring to this campus \$10 million. About \$3 million of that \$10 million will go

into Financial Aid in order to support California resident students who need that aid in order to be here. So the point is, and John made this right at the beginning, it is not mutually exclusive to support resident students and to support international students. The important point is not to lose sight that international students are not just a financial argument. You begin with the cultural, the social, the intellectual -- the diversity argument as a way to get to the financial argument, not the other way around.

John Aubrey Douglass: One other thing I just want to point out is the U.S. has been a great performer in having international students come at the graduate level. We're the model and people are now catching up with us internationally and the world is becoming very competitive in the higher education world and the searching for talent. You know, no longer is the U.S. the only place or perhaps the UK to go. It is, you know, you're finding the quality of education whether it's in parts of China or whether it's in Korea or in Europe. The world is changing and becoming much more competitive. We've been sitting on our laurels because we think we're the greatest thing since sliced bread, and we better smarten up and start looking at what our competitors are doing. Well the U.S. has only about 3% of our -- and this is the entire U.S. -- about 3% of our undergraduates are international students. We have a large number because we're a big country but we're only -- it's only 3% of the undergrads. That's in my view, a tremendous underperformance. You know, you go to even Germany and you're talking about 10, 12, 15%. I'm forgetting the number exactly. But we're in that ballpark. We've got to think outside the California domestic discussion and see what's going on in the world and think about how we can innovate.

Paul Zingg: That's a \$20 billion market. It's almost \$3 billion in California alone.

Laird Easton: We have about time for one or two more questions. You in the back, sir?

John Aubrey Douglass: What makes -- say that first part, what makes the best college?

Audience member: [Inaudible]

John Aubrey Douglass: Well, okay. I'm not sure I can fully answer that in a short period of time but what I would say is you have to differentiate. There are different kinds of institutions. A community college in an urban or poor area is a different kind of entity to some degree. There's commonalities than say a Liberal Arts college. So I would say a good college, thinking of the traditional term "college" as opposed to university which, you know, is a focus on an undergraduate education is that it has a strong curriculum, that it's supportive of students, that it has high efficiency levels. That's one of my definitions of a good college. I think if I look at the -- from what I understand the data at Chico State; it's a good college and a university I should say slash because it's more than that. What was the other part? Was the...

Audience member: [Inaudible]

John Aubrey Douglass: A good student? A good -- I'm sorry, say ...

Audience member: [Inaudible question]

John Aubrey Douglass: Well, I don't know enough about making those comparisons [inaudible] [chuckle].

Paul Zingg: We're number one.

[Laughter]

Laird Easton: One more question. Oh, [inaudible] Freddy, you've been...

(Question not recorded.)

Paul Zingg: Sacramento is not the root of all evil. It's the symptom of I think quite a few short fallings and failures in this state. I mean we're the people who elect the people who are in Sacramento. I think one of the things that we do not do very well is to tell a story of success and contribution in a way that makes a difference with the electorate of this state -- in particular, the role that we play in order to address not just economic development but social justice. To address social welfare, a sense of fairness and hope and opportunity. That's our story and I think, unfortunately, we get so caught up in numbers that we miss the narrative that is behind those numbers. And we need to work much more successfully at appealing to the electorate in order to convince them to send to Sacramento folks who will be supportive of our work. You wanted one concrete suggestion; I hope folks leave this room with a resolve to do that.

John Aubrey Douglass: I'd only like to add that I didn't really this event as an advocacy event. I thought we were having discussions about California Higher Ed. Happily some things which we're trying to talk outside the box about other ways of thinking about things. But there are times for advocacy, absolutely and focusing on politicians in Sacramento. But there's also -- we need as a community just to talk about what's happening, and ways of thinking and why are we here, and that's what universities and colleges are largely about.

Laird Easton: That might be a good note to end the discussion although you're welcome to come up and have questions. The purpose of the History Department organizing this round table discussion was to bring out some facts and perceptions and ideas and theories about funding and so forth that perhaps not everybody was aware of. And I want to thank very much our guests for their contributions.

[Applause, Cheering]