California budget tardy again, and here's why

SacBee

July 1, 2010

By Kevin Yamamura

California enters the 2010-11 fiscal year today without a state budget in place, the 19th time in the last 25 years that has occurred.

Senate President Pro Tem Darrell Steinberg, D-Sacramento, and Assembly Speaker John A. Pérez, D-Los Angeles, said Wednesday they have reconciled their different plans into one Democratic framework. California faces an estimated $19.1 billion deficit.

The Democratic plan rejects Gov. Arnold Schwarzenegger's proposed cuts to welfare, In-Home Supportive Services and Medi-Cal. To help pay for those programs, Democrats propose a new tax on oil production and delaying a series of corporate tax breaks. They also would shift some public safety and welfare functions to local governments.

Democratic leaders said they want to begin regular negotiations behind closed doors with the governor and GOP legislative leaders to hammer out a new spending plan.

The budget process remains a complicated part of state governance – and its most fundamental function. We answer some common questions:

Why is there a budget deficit yet again?

A number of reasons.

California has faced such monumental deficits in the past three fiscal years that lawmakers and Schwarzenegger relied largely on solutions that dealt with the problem only one year at a time.

They pushed June's paychecks to state workers into this month, an idea that can't be tapped again. They imposed a temporary income tax hike that ends in December, meaning less revenue starting Jan. 1. They cut education funds promising to give schools the money in later years. They temporarily furloughed state workers. As those policies end and deferrals come due, the state is left with less revenue and higher costs, which then create a new budget gap.

What are some other factors?

The state also relied on federal stimulus funds last year to help stave off program cuts, and there is less available this fiscal year. Nearly all stimulus money for higher education has been spent, while stimulus money for Medi-Cal is set to end Dec. 31 unless **Congress** extends it.

Meanwhile, state leaders made risky assumptions in last year's budget that failed to come true. They relied on selling the State Compensation Insurance Fund for $1 billion, which never came to pass because the transaction faced serious legal hurdles. An attempt to take $800 million in transit money was tossed out by the courts.

Finally, fiscal forecasting is an imperfect art. Budgets are based on projections of how much revenue the state will take in over the next year, as well as how much demand will exist for state services. When actual revenue falls short, as it did in dramatic fashion in 2008-09, the state cannot meet its spending obligations. When demand is higher than expected, as is often the case in an economic downturn, the state has greater expenditures.

I'm paying higher taxes at stores, on my paycheck and on my car. How can the state be broke?

In boom times, **California** saw a spike in **tax revenue** from wealthy earners and those with investment profits. When stock and real estate markets tanked, that revenue rapidly declined.

To help make up for it, state leaders turned to broad-based tax hikes on income, vehicles and sales. This revenue is more stable but has not been enough to fully replace the money that the state received from wealthy taxpayers in the boom years.

State leaders have cut costs, but expenditures still outpace revenue in California. Population continues to increase, while California is obligated by federal and state laws to provide a minimum amount of money for education and prisons.

Republicans say the state should not spend what it cannot afford and that taxes are already too high. Democrats believe the state has already cut beyond an acceptable level of safety-net programs, public education and other state services.

Doesn't the California Lottery provide enough money for schools?

The lottery provides only a tiny fraction of the funds that schools receive from state, federal and local sources. In 2008-09, the lottery provided only 1.2 percent of all K-12 funds, according to the Legislative Analyst's Office.

Democrats have a solid majority in the Legislature. Why do they blame budget delays so often on Republicans?

California is the only state that requires a two-thirds vote for budget passage and tax increases. Democrats have solid majorities, but for a two-thirds supermajority they need at least three Republican votes in the Assembly and two in the Senate. Republican lawmakers can wield significant political power if they agree as a caucus not to provide any votes for the budget until their negotiating demands are met.

Democrats and their labor union supporters do not want to eliminate major social service programs or cut education to balance the budget, but they need new revenue to avoid those cuts. Schwarzenegger, Republican lawmakers and their business allies oppose further tax increases, and the governor has proposed widespread cuts in lieu of tax hikes. Republicans also want to reduce pensions for future state workers to cut long-term costs.

California lawmakers have less motivation to pass a budget

Many pressures are absent this summer: Clinics get money regardless; IOUs are unlikely before fall; and community colleges prepared for crisis — at their own expense. Negotiations have barely begun.

By Shane Goldmacher, Los Angeles Times
July 4, 2010

Reporting from Sacramento —

Many of the pressures that can push California's leaders toward a budget accord are absent this summer as the state lurches into yet another budget year without a spending plan.

The lack of acute suffering from the budget stalemate may help explain why talks between Gov. Arnold Schwarzenegger and top lawmakers show no signs of agreement on how to tackle California's $19.1-billion deficit.

Cash-strapped health clinics that are typically threatened with closure under such circumstances tend to lead a cascade of woeful headlines generated by Sacramento's inaction. But this year, for the first time, they will be paid even without a state budget.

The disgrace of issuing IOUs, as California did last summer, is only a far-off possibility this year.

And although the governor has tried to ramp up pressure by ordering that state workers' pay be slashed, the controller, who prints the paychecks, has so far resisted that directive.

"There's very little pressure," said Dick Ackerman of Irvine, a former Republican leader in the state Senate who negotiated several state budgets until he was forced out by term limits in 2008. "If … things really didn't get paid, I think you'd get a much quicker budget."

Some payments are not being made: certain funds for community colleges, student grants, a small portion of school money, some local government funds and vendors who do business with the state.

But the state has accustomed itself to tardy budgets. A series of court rulings over the years have ensured that most services continue uninterrupted; roughly 95% of the California's July bills will still be paid on time despite the lack of a spending plan.

That is one reason Senate President Pro Tem Darrell Steinberg (D-Sacramento) has said for weeks that it is more important to "get it right" than to get a budget done on time. The four legislative leaders, two Democrats and two Republicans, discussed the budget together Thursday for the first time — two weeks after the constitutional deadline for passing a spending plan.

"I'm very concerned," said Assemblyman Roger Niello (R-Fair Oaks), a former vice chairman of the budget panel. "We are less far along in the process than we have been in prior years."

The depth of the deficit — about a fifth of general fund — makes the decisions facing state leaders all the harder. Schwarzenegger has proposed dismantling parts of the social safety net, including welfare and day care for 142,000 low-income children. Such cuts are anathema to the Democrats who control the Legislature, and they have countered with tax-hike proposals that Republicans, some of whose votes are needed to pass a budget, equally despise.

Schwarzenegger ordered most state workers' pay cut to $7.25 an hour, the federal minimum wage, on Thursday, the first day of the new budget year. An appeals court Friday affirmed his authority to do so.

But Controller John Chiang argued that an outdated computer system would make such a task risky and said he would ask the courts how quickly he must comply. Employees would receive full back pay after a budget is signed.

"I believe [Schwarzenegger] is trying to jam the legislators to act," Chiang said in an interview.

Assembly Speaker John A. Perez (D-Los Angeles) accused Schwarzenegger of "deliberately causing real suffering in an attempt to force the Legislature to pass his … budget."

Meanwhile, health clinics that serve the poor and are normally among the earliest hit by budget delays, will continue to receive money because of provisions in the federal stimulus act. That means there will be fewer reports of closing medical wards to goad Sacramento into action.

Even groups that go unpaid, such as community colleges, have adjusted — at a price.

"It's frustrating that we were able to predict this situation a couple months ago," said Scott Lay, president of the Community College League of California. He said most campuses have prepared borrowing plans to bridge the impasse; the interest payments will siphon funds from classrooms.

IOUs remain a threat, but the latest figures from the controller's office predict no cash shortfall until the fall. The state issued IOUs on July 2 last year. Lawmakers pushed back such a day of reckoning early this year by allowing the controller to defer $4.7 billion in bill payments during the expected summer stalemate.

One of the biggest effects of an overdue budget is putting California's already battered credit rating at risk of another downgrade from Wall Street, which could push up interest rates on loans the state needs.

State Treasurer Bill Lockyer has warned that could cost California billions.

"That warning never seems to carry much weight in the Capitol," said Lockyer spokesman Tom Dresslar, "much less out there with the public."

Court sides with Schwarzenegger on wage law, but Chiang, unions will fight on

By Jon Ortiz and Kevin Yamamura
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Published: Saturday, Jul. 3, 2010 - 12:00 am | Page 1A
Last Modified: Monday, Jul. 5, 2010 - 1:47 pm

The decision is in. The fight isn't over.

Sacramento's 3rd District Court of Appeal on Friday upheld a 17-month-old ruling allowing Gov. Arnold Schwarzenegger to order state workers' pay reduced to minimum wage in the absence of a budget.

Although the state is now three days into the new fiscal year with no budget and the governor has instructed more than 200,000 government employees' pay lowered to the federal minimum, the ultimate impact of the court decision is far from clear.

State Controller John Chiang, the Democrat who lost the appeal, said Friday that he still has legal room to maneuver. State employee unions also are signaling they're ready to file their own lawsuits. The legal wrangling could push back indefinitely when state workers' pay might be withheld.

Meanwhile, Schwarzenegger, a Republican, has said the law demands state workers' pay be withheld – a position that unions have interpreted as a threat, even as they have come to the bargaining table.

On Friday, the administration connected the court decision and the stalled budget talks. Republicans and Democrats are at odds over how to close the state's $19 billion deficit.

"This underscores the fact that everyone loses when we have a budget impasse," said Schwarzenegger spokesman Aaron McLear.

Senate President Pro Tem Darrell Steinberg, D-Sacramento, blasted the governor for "messing with people's lives" to gain leverage.

"He's trying to gain a tactical advantage in contract negotiations and on the budget," Steinberg said. "I think he's trying to put pressure on the unions that haven't yet finished contract negotiations and on the Democrats."

The governor wants the Democrats to agree to deep budget cuts without raising taxes, but Steinberg said his party will not "be dissuaded from negotiating a budget that is fair and that does not continue to disinvest in California."

Like Steinberg, GOP Assemblyman Roger Niello of Fair Oaks has plenty of state workers in his district. But Friday's court decision, he said, "wouldn't put pressure on me to make a poor budget decision. It would put pressure on me to do everything I had to do to see that we have a budget as soon as possible."

But raising taxes remains one of the "fundamental issues I'm not going to compromise on," said Niello, who voted for tax increases last year.

The governor's Department of Personnel Administration on Thursday sent minimum-wage pay instructions to the controller, triggered by lawmakers' failure to enact a budget before Thursday's start of the 2010-11 fiscal year.

With no budget in place that appropriates money for wages, the state Supreme Court has said the government must withhold what it pays employees to the least amount allowed by federal standards, $7.25 per hour for most of the state's 240,000 workers.

The withheld money must be issued once legislators and the governor agree on a budget with a payroll appropriation.

Schwarzenegger sent similar pay instructions to Chiang during a 2008 budget impasse. The controller refused for several reasons, including concerns that the state's payroll technology and accounting methods make it impossible to comply without breaking federal labor law.

He repeated those assertions in a Friday press statement: "This is not a simple software problem. Reducing pay and then restoring it in a timely manner once a budget is enacted cannot be done without gross violations of law unless and until the State completes its overhaul of the state payroll system and payroll laws are changed."

Schwarzenegger sued Chiang in Sacramento Superior Court and won. The controller then appealed to the 3rd District Court.

Chiang couldn't just refuse to comply with the law or the administration's instructions, the appellate court's three-judge panel said in a unanimous ruling.

Justices Vance Raye, Arthur Scotland and Rick Sims concluded that if Chiang had concerns that withholding pay would put the state in legal peril, he should have taken it to court.

The controller said he'll do just that: "I will move quickly to ask the courts to definitively resolve the issue of whether our current payroll system is capable of complying with the minimum-wage order in a way that protects taxpayers from billions of dollars in fines and penalties."

While Chiang continues that battle, state employee unions are also gearing up their legal machinery to fight the new minimum-wage order.

"If (Schwarzenegger) tries to cut everybody's pay to minimum wage, there probably would be a number of legal challenges," said Bruce Blanning, executive director of the Professional Engineers in California Government. "Our view is that when people do their job, they should get paid."

The threat of minimum wage has prodded several unions into contract talks with Schwarzenegger. Last month, six unions – representing doctors, Highway Patrol officers, firefighters and psychiatric technicians, equipment operators, and health and social service professionals – tentatively agreed to pacts lowering retirement benefits for new state hires and increasing what all their members will pay into their pensions.

Reducing the state's cost for pension benefits has been a policy centerpiece for Schwarzenegger. In exchange for those concessions, he promised the six unions that they would be shielded from minimum wage.

Schwarzenegger's Thursday pay instructions exempt the 37,000 employees covered by those tentative deals. To avoid minimum wage, however, two-thirds of the Senate and the Assembly would to pass legislation appropriating money specifically for that payroll.

For Immediate Release

RESIDENTS OF COMPTON COMMUNITY COLLEGE DISTRICT CRY FROM JUSTICE

Compton citizens packed the Monday June 21, 2010 board of trustees meeting at El Camino College in Torrance, CA with an overflowing crowd of civil, committed and concerned voters there to request greater 'equality and justice' in the partnership between El Camino College (ECC) and Compton Community College District (CCCD). Concerned citizens also attended and spoke during the June 8, 2010 board meeting of the Compton College District in Compton. The majority of the CCCD board supports the citizens' approach in communicating their concerns to both boards, says senior CCCD board member Ms. Lorraine Cervantes. The overwhelming feeling by many residents is that the 'partnership' favors ECC and that CCCD is being taken over with no real plans to ever return the college to the community. "It appears there is no concrete pathway for returning the college to the community; there is no concise and explicit 'Recovery Plan'; there is no timetable for applying for accreditation, even though we are now eligible to start the application process," states Dr. Deborah LeBlanc, Vice President, CCCD. Residents of Compton College District are deeply concerned about the overall direction and efforts towards the restoration process for their community college. "We feel a sense of 'taxation without representation' declared Mrs. Marie Hollis, President of the Concerned Citizens of Compton." Mrs. Hollis and Bishop Sanders addressed the ECC board during last Monday's meeting. There were no CCCD trustees present. The Compton Community College District has had a publicly elected board of trustees since December 4, 2009. Residents of the district continuously express to trustees their desire to return local control and to restore Compton College, which has been a significant and historic community fixture for the last 83 years. The Board of Trustees of CCCD is committed to returning of local control and restoring academic accreditation now.

In 2006, after academic accreditation was removed from Compton College, the Compton Community College District entered an agreement with El Camino College to provide educational services to its students. Compton College began in 1927 and provided continuous quality education for the communities of Compton, Paramount, North Long Beach, Carson, Lynwood, and portions of the County of Los Angeles until 2006; at which time the State stepped in and the District entered an agreement with El Camino College. Under the leadership of Dr. Lawrence M. Cox and Special Trustee Peter Landsberger and in partnership with ECC the Compton College District has been moving progressively towards restoration; however the citizens are concerned about the shift in direction which totally eliminates Dr. Cox as an Academic officer by removing him as Provost; and thus creating no voice for the Compton College District. This organizational shifts the balance of power in favor of ECC and not CCCD. Citizens were very displeased with ECC's recent graduation ceremony on the grounds of Compton College District which denied Compton's board of trustees from program participation. Residents want the leaders that they elect to have a voice. Compton College District has a rich and historic presence in our community; and residents want to see the colors and logo of 'Compton College' in our community. We are Compton and want our college back, voiced the residents.

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Does the Constitution protect invocations at Saddleback College?

California WatchBlog

July 1, 2010 | Erica Perez

Americans United for Separation of Church and State sued the South Orange County Community College District last fall over official prayers at public ceremonies. The lawsuit, filed in federal court on behalf of some faculty members and students, contends that officials at Saddleback College routinely opened commencement ceremonies, scholarship events and convocation speeches with Christian invocations.

California Watch got wind of a YouTube video that shows Saddleback College President Donald Wagner opening a May 2008 scholarship ceremony with prayer – and a bit of mocking – after he had received pleas from some faculty to stop the invocations. The video has been posted on several blogs, including one written by Roy Bauer, a professor at Irvine Valley College and a plaintiff in the case.

"Historically at events such as these we also take the opportunity to offer a moment of thanksgiving to God – if He exists. And I'm not here to say that He does. That would be wrong for an elected official, I am told. No matter that America's founders invoked the name of God, and encouraged and participated in religious ceremonies in government facilities," he said.

He closed with an invitation: "If you don't believe in God, that's fine. The government has no business trying to convince you otherwise … But if you do believe, I would ask you, personally, and not on behalf of the government, to take a moment to thank Him, for the many gifts you believe you have received from Him."

According to the complaint, faculty and others asked Saddleback officials to stop their prayer practices, saying the invocations made some people feel unwelcome – but college officials refused.

The lawsuit contends that the prayers are a violation of the Establishment Clause of the First Amendment for faculty and students, for whom some of the events with invocations are mandatory. Through the practice, district officials "coerce" people to participate in prayer, the suit alleges.

The district's attorneys say the prayers and invocations referenced in the lawsuit are constitutionally protected speech.

The case raises questions about what's fair game in this country when it comes to the separation of church and state. After all, the California State Senate – the body that makes the laws – opens Senate proceedings with prayer each day. The Senate even has its own chaplain, currently Rabbi Mona Alfi.

Richard Katskee, assistant legal director for Americans United for Separation of Church and State, said chaplain-led prayers in state legislatures have special historical status and are permissible under the U.S. Constitution, as decided in the 1983 Supreme Court case Marsh v. Chambers.

Katskee said the ruling had a very narrow meaning and was applicable only to state legislatures. He added that schools and colleges are unique and require extra vigilance when it comes to separation of church and state.

"Essentially when you have a student setting and a formal college occasion, what the government is doing is saying, 'Here's something that we think is really important and it's really important that you be exposed to it,'" he said.

In May, a federal judge denied a request from the plaintiffs that would have barred religious invocations at Saddleback and Irvine Valley colleges until the lawsuit is heard, the Orange County Register reports.

Now, Katskee says, his legal team is preparing a brief due in July as part of an appeal to that decision on the preliminary injunction. The Academic Senate for California Community Colleges is preparing a friend of the court brief on behalf of the plaintiffs this summer, according to that group's president.

Fight still rages over UCD's decision to drop four sports

By Laurel Rosenhall
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Published: Sunday, Jul. 4, 2010 - 12:00 am | Page 1B

Students and parents upset by UC Davis' decision to eliminate four sports are continuing their fight to keep the teams. They're working at it through the university and the Legislature, and say they will soon turn to the courts.

State Sen. Dean Florez, D-Shafter, has scheduled a July 12 legislative hearing to examine whether UC Davis is violating Title IX laws relating to gender equity in cutting the women's rowing team.

Other people are pursuing different concerns, including whether the university followed the proper procedures in reaching its decision to eliminate the teams and whether student votes in recent years to raise fees in support of sports prohibit UC Davis from cutting the teams.

More than 100 students from the eliminated teams – women's crew, men's swimming, men's wrestling and men's indoor track – have filed a grievance against UC Davis, alleging its decision to drop the teams violates their contracts with the university. A lawsuit will likely follow.

The grievance says the school is required to maintain its teams because students have passed two referendums agreeing to pay extra fees to support athletics. UC Davis administrators have argued that the extra fees don't cover the full cost of the sports program and that their cuts comply with the terms of the student initiatives.

In April, UC Davis announced it was eliminating the four teams for the coming school year because of state budget cuts. The university has lost 25 percent of its state funding over the last two years, causing reductions across campus, including fewer classes and faculty furloughs.

But the athletic cuts have stirred the most vocal resistance, with students, parents and boosters organizing on multiple fronts.

"We don't plan to ever let it die. We plan to keep going until the teams are reinstated," said Denise Kendall, a lawyer whose daughter is on the rowing team.

The grievance that students filed with UC Davis has been forwarded to the UC Office of the President for review. University officials declined to comment on the grievance, citing student privacy laws.

The grievance asks UC Davis to reinstate the teams for at least one year while the decision to eliminate them is reviewed.

Through the California Public Records Act, students have obtained a series of e-mails among UC Davis faculty and administrators that show internal conflict about the process used in deciding to cut the teams. Students have posted the e-mails on their website, www.saveucdsports.com.

The documents show that two professors resigned from the committee that ultimately recommended eliminating the teams, saying the group wasn't doing its job correctly.

In her resignation letter, professor Leslie Lyons wrote that the committee didn't have enough information about the sports department's finances to make good decisions.

"There is just too much unsaid and undetermined about the (intercollegiate athletics) budget to feel comfortable with suggesting any model on cutting sports," Lyons wrote.

Before resigning, professor Kim Elsbach wrote an e-mail to Chancellor Linda Katehi detailing her concerns.

"The Intercollegiate Athletics Senior Management Group is being exclusive, secretive and unresponsive to concerns of stakeholders in making decisions about eliminating sports teams," Elsbach wrote.

She wrote that the committee wasn't following campus policies that require getting input from students and coaches before proposing major changes, such as dropping teams. When Elsbach raised the issue with her committee, she wrote, she was told not to criticize. "I felt bullied and I felt threatened," she wrote.

Katehi responded to Elsbach by e-mail, saying she defers to the university lawyer's opinion that the process used was legally sufficient.

"I appreciate that there can be differing perspectives on the most appropriate components of a review process, but I believe the process followed to date is consistent with the assurances the campus provided to the NCAA regarding its review of major decisions," Katehi wrote.

Zach Hansen, 22, a student swimmer who is organizing the opposition to the cuts, said the e-mails show the university's decision-making process was flawed. "The concerns have never been addressed," Hansen said.

Governor puts 200,000 state workers on minimum wage

By Jon Ortiz
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Published: Friday, Jul. 2, 2010

Roughly 200,000 state workers will receive minimum wage paychecks next month under terms of an order issued Thursday by the Schwarzenegger administration.

According to a letter delivered to Controller John Chiang in late afternoon, July pay for most hourly state employees will be withheld to the minimum allowed by federal law – $7.25 an hour – and then restored once there's a budget.

Chiang, whose office cuts state paychecks, said Thursday that he won't follow the order unless a court tells him to.

The letter from the governor's Department of Personnel Administration instructs Chiang to withhold employees' pay because the state started the 2010-11 fiscal year Thursday without a budget appropriating money for payroll. Hours earlier, Gov. Arnold Schwarzenegger officially ended 17 months of furloughs for state workers.

The minimum-wage order exempts roughly 37,000 state workers in the six bargaining units that have tentatively agreed to labor deals.

The administration insists the order is a matter of law and not politics, but it puts more pressure on the remaining six unions that haven't agreed to the pension and pay concessions Schwarzenegger wants in exchange for an exclusion from minimum wage.

"Regrettably, we must take the steps outlined in the attached pay letter to adjust wages and salaries during this budget impasse," Personnel Administration Director Debbie Endsley said in a letter accompanying the pay withholding instructions.

The administration declined further comment.

Chiang, who has appealed the lawsuit he lost for refusing to comply two years ago with similar instructions, called the minimum wage order "political tricks" that he will resist.

"Again, absent a final court ruling, I will continue to protect the state's finances and pay full wages earned by state employees," Chiang said in a statement Thursday evening.

Bruce Blanning, executive director of the 11,000-member Professional Engineers in California Government, slammed Schwarzenegger's order.

"It appears that the governor has taken a constitutional budget issue and reduced it to a bargaining ploy," Blanning said. "He's saying that if you're one of the six groups that have signed a contract, if you've agreed to a contract with him, then you get your salary. If you didn't, he wants you to get minimum wage."

Schwarzenegger is invoking a 2003 state Supreme Court decision as grounds for the order. The ruling in White v. Davis held that without a state budget with money appropriated for payroll, wages can be withheld to the federal minimum. Back pay would be issued once a budget is enacted.

The threat of minimum wage has prodded several unions into contract talks with Schwarzenegger. Last month six unions – representing doctors, highway patrol officers, firefighters and psychiatric technicians, equipment operators, and health and social service professionals – tentatively agreed to pacts lowering retirement benefits for new state hires and increasing what all their members will pay into their pensions.

Reducing the state's cost for pension benefits has been a policy centerpiece for Schwarzenegger. In exchange for those concessions, he promised the six unions that they would be shielded from minimum wage.

When the administration issued similar pay instructions during a 2008 budget impasse, Chiang refused to comply over concerns that doing so would violate federal law. He also asserted that the decades-old computerized payroll system couldn't handle changing pay for the 240,000 or so state workers affected by the governor's instruction.

The administration sued Chiang and eventually won in early 2009. By then a budget was in place, so the governor's order was moot.

Chiang appealed the decision. Sacramento's 3rd District Court of Appeal heard oral arguments June 21 and could issue a decision any day.

State workers such as Kathleen Jennings have felt trapped in the political, legal and labor crossfire for more than a year.

A Fairfield-based scientist with the Department of Fish and Game, Jennings has already endured furloughs that cost her the equivalent of 46 days of pay. A month of minimum-wage pay would be devastating, she said.

"I took on a second job teaching part time because I couldn't make ends meet on what I made from my state job," Jennings said. "I'm a single parent with two kids in college. Now what?"

Many state workers are likely in the same position, said Jeff Michael, director of the Business Forecasting Center at the University of the Pacific in Stockton.

"The impact of putting state workers on minimum wage for even one month would be much larger than two years ago," Michael said. "Many of them have depleted their savings or exhausted their ability to borrow and cushion themselves from even a short-run change in their income."

The impact on the Sacramento region, where roughly one in 10 wage earners works for the state, is unknown, Michael said.

"We don't have a historical precedent," he said. "But for a lot of people, this would be a massive decline that they couldn't get around by borrowing or tapping savings."

If the governor's order is implemented, some employees, such as doctors and lawyers, would get no pay because federal law exempts them from minimum wage rules. Others who don't get overtime would receive a flat $455 per week.

Is outsourcing community college education serving students?
LA Times

California Community Colleges' deal with for-profit Kaplan University has a few catches — among them Kaplan's higher costs and the question of whether its credits would even be transferable.

By Michael Hiltzik

July 4, 2010

It's not unusual for government agencies with budget problems to start outsourcing services to private industry.

Computer maintenance, prison management, landscaping — all are among the services that state or local bureaucrats have handed off to private firms over the years.

What about college education? It turns out that California is trying to outsource our public higher education system to the for-profit college industry. What is surprising is that this is happening without any evidence that the affected students would be well served.

The issue has been cast into high relief by a two-year agreement struck last year between Jack Scott, the chancellor of the California Community Colleges, and Kaplan University, an aggressively marketed institution that does most of its pedagogy online.

Under a memorandum of understanding, or MOU, students who need a course to meet their associate degree requirements but can't get it at their community college — say because of space constraints related to state budget cutbacks — would be able to take it at Kaplan.

There are some catches, however. One is that they'd have to pay Kaplan's tuition, which even with a 42% discount offered by the institution is far higher than the community college system's fees. Kaplan's discounted fee is about $646 for a three-credit class, compared with $78 at the community colleges. Another is that Kaplan will have to reach an "articulation agreement" with the student's community college, ensuring that the latter will accept the Kaplan course for full credit. (The California community colleges are more a confederation than a centrally managed system like the University of California, but they all get state funding and look to the chancellor for leadership.)

Finally, there's no guarantee that the Kaplan course will be accepted by any four-year college the student transfers to, such as a UC or Cal State University campus.

These are among the factors that have put the community college faculty's collective nose out of joint over the Kaplan deal. But there's more. The deal was reached behind the faculty's back, even though such arrangements are customarily brought to the teachers for discussion.

Then there's the financial situation underlying the MOU. Put simply, the Legislature has cheaped out on the community college system. The 112-college system, which serves nearly 3 million

Californians, sustained a budget cut of $520 million, or 8% of its budget, in 2009-10. Course sections were reduced by 5% statewide, Scott's office says, with as many as half of new students trying to enroll in a class being turned away at some campuses.

"The state put us in the position where we cannot serve our students," Jane Patton, an instructor at Santa Clara's Mission College who is head of the system's academic senate, told me, "and it's getting worse by the year."

Kaplan saw an opportunity in the resulting vacuum. "We recognized the challenges that the community college system is experiencing," says Gregory Marino, president of Kaplan University Group. "Kaplan University being a student-centered institution, we thought there was a way we could help."

He says there is less advantage for Kaplan in the deal than for students needing courses, as single-course arrangements are secondary to Kaplan's core business of granting degrees. But Kaplan does get access to a community of 3 million students who might transfer to its degree program, as well as the image of having the community college system's seal of approval.

Indeed, the system "underestimated the extent that Kaplan would use the MOU as a marketing tool, which they did very effectively," says Terri Carbaugh, the community college system's vice chancellor. "The public perception was that we're hand in glove with Kaplan."

Campus officials say no articulation agreements have yet been reached, perhaps because some campus officers have been repulsed by Kaplan's crude overtures; one says Kaplan offered a free box of See's candy to the first 10 campus officials who agreed to talk about an articulation agreement.

That brings us to the question of just what kind of institution Kaplan is — and to whether the community colleges should be doing business with such institutions at all. Kaplan, an outgrowth of what used to be the Stanley Kaplan SAT prep service, is one of the faster-growing for-profit universities in the country.

Some for-profit proprietors may have rushed into the college biz less out of a mission to prepare young people for gainful employment than in the quest for gainful investment. The sector's growth coincided with the relaxation of federal regulations governing the quality of their course offerings (drifting lower) and how far they could shove their snouts into the federal trough (ever deeper).

In 1998, for instance, Congress raised the maximum portion of its revenue that any school could derive from federal student assistance to 90% from 85%. Those exceeding the limit lose their eligibility to receive the government aid.

Kaplan University's ratio in 2009, according to the annual report of its parent, Washington Post Co. — yes, *that* Washington Post — was "less than" (in other words, "close to") 87.5%. The Kaplan subsidiary collected about $1.3 billion in federal student aid last year, which helped make it the largest and most profitable unit of the company.

A congressional inquiry is underway into whether such institutions are gaming federal aid programs to their students' disadvantage — based on evidence that they "spend a large share of revenues on expenses unrelated to teaching, experience high dropout rates, and … employ abusive recruiting and debt-collection practices," in the words of a report by Sen. Tom Harkin (D- Iowa). A Kaplan spokesman said in an e-mail that such critiques are "filled with inaccuracies and old stories."

Kaplan is accused by former faculty members in a federal lawsuit in Florida of recruiting possibly unqualified students, pumping up their grades to keep them enrolled, and giving its own employees "scholarships" to keep the school's federal aid ratio below 90%. Kaplan calls the accusations "baseless" and "totally without merit."

As for "online learning," there's certainly room for new techniques in education. But how much is too much? Patton, who teaches public speaking, points to a Kaplan public speaking course in which students can deliver their speeches to a webcam.

I can't say for sure that learning public speaking online is less effective than learning it, well, in public. But as an experienced speaker, I can tell you there's a big difference between delivering a talk in person to a live audience and sitting in front of a webcam in your underwear, even if you put on a nice shirt for the camera.

Carbaugh says that for-profit institutions are a fact of life — nearly 13% of students transferring from community colleges already are choosing them — and that the MOU represents a step toward ensuring that those students will get what they pay for. She observes that, in the vein of customer protection, the MOU imposes new conditions on how Kaplan can market to the system's students. "To say there are problems in this industry so we're going to ignore it would be irresponsible," she says.

But there's a better way to protect the students — by giving the community colleges adequate state funding, so they're not forced to fill their course requirements at institutions that keep one eye on academics and the other on the main chance.

Knife To A Gun Fight
Inside Higher Ed

July 2, 2010
It’s no secret that for-profit institutions lavishly outspend their public counterparts in marketing. Just look out for their billboards along busy roadways, commercials airing on cable television, or prominent ads on popular websites.

This tends to cause general consternation among community college leaders, many of whom believe their institutions could just as easily serve students looking elsewhere for career advancement or retraining. So why – amid ever-increasing advertising blitzes by for-profit institutions – are some community colleges slashing their marketing budgets?

Officials at Brevard Community College, located along Florida’s Space Coast, say they don’t need any help attracting students, noting that the poor economy has done more than enough to boost the college’s enrollment – which has grown by a third in the past three years, to nearly 25,000. And now that NASA’s space shuttle program is being shuttered, the college expects to play a role in retraining most of the 9,000 local residents who will lose their jobs at the Kennedy Space Center.

With such a dramatic increase in its student population, Brevard cut its advertising budget by 62 percent – from $675,000 to $260,000 – this fiscal year. Among the changes, the college will take down six billboards, which cost about $60,000, and will stop running radio advertisements, which cost about $230,000. The college will, however, continue to advertise on television, using spots produced by its PBS station.

“We just really don’t believe it’s necessary to advertise at the levels we did in previous years,” says Kate Junco, college spokeswoman. “People know we’re here. We’ve pretty much saturated the market with ads. Now, we’re just doing smarter advertising with fewer dollars.”

Smarter spending at Brevard means reaching out to new demographics. Now that space limitations at Florida’s four-year institutions have increased interest in the transfer function of community colleges like Brevard, Junco explains, her institution no longer needs to court traditional-age students.

“Over the past three years, all the images in our marketing materials depicted high school students and were directed toward them,” Junco says. “Now, we’re shifting gears and going after parents and middle-aged people who need to go back to school. When we go out and give talks to the community, a lot of the unemployed don’t know we have workforce development programs for nontraditional students. They simply see us a transfer institution.”

Given the constraints on the college’s budget, Brevard officials believe there are better ways to spend the $415,000 they are saving on advertising. Junco notes that the college’s president has pledged to spend the money to increase the number of full-time faculty members.

As for the for-profit institutions that may capture the attention of students who might otherwise be intrigued by the college, Junco says Brevard is not worried about losing any ground.

“Keiser University is in the area, but they primarily serve graduate students here so they’re not big competition,” Junco explains. “Of course, you have [the University of] Phoenix and Kaplan [University] online, but that’s not something we’re concerned with at the moment. We have a very strong reputation here in the county, and we’re boosting a lot of our online offerings.”

Further south along the Florida coast, Miami Dade College has also significantly trimmed its advertising budget for many of the same reasons as Brevard: namely, it can do so and still attract students. The college is recognized as one of the largest two-year institutions in the country.

Juan Mendiata, college spokesman, notes that the institution has reduced its enrollment advertising 71 percent since 2008. Though it spends more to advertise cultural events and other nonacademic programs, the college used to spend around $200,000 annually on enrollment advertising. Now, after the cuts, the college spends a mere $58,000 annually. Still, Mendiata explains that the college’s advertising budget “has never been huge,” noting that college officials have always been proactive about pushing enrollment on talk and public affairs shows on local radio and television.

Though Miami Dade officials say they do not view for-profit institutions – of which there are many in South Florida – as their competition, they acknowledge that they serve many students who come to the community college after an ill-fated run at a proprietary institution.

“The concern we have is for the student,” says Victoria Hernandez, director of government affairs at the college. “Students come to us, many times, having been burned by a for-profit that misled them in some way. It’s not troubling institution to institution.”

In New York City, Gail Mellow, president of LaGuardia Community College, takes a much harder stance on for-profit institutions and their ability to out-market community colleges.

LaGuardia spends around $140,000, or less than 2 percent, of its annual operating budget on advertising. By comparison, the Apollo Group, which owns the University of Phoenix, spent about $263 million, or nearly 25 percent of its $1 billion net revenue, on “selling and promotion” expenses last quarter alone, according to the company’s latest reports to the Securities and Exchanges Commission.

“It’s very deeply troubling because of what it means about the focus on education,” Mellow says. “We’re spending pennies compared to their millions. The biggest question is, why are they spending so much money on advertising? If they have a terrific product – which community colleges do – they wouldn’t need to advertise so much. It brings up the issue of quality.”

Like most community colleges in this economy, LaGuardia doesn’t need to advertise to attract students. They’re lining up whether or not they’ve seen one of the college’s newspaper spreads. In May, for example, the City University of New York announced that, for the first time ever, it is putting first-time freshman applicants for its six community colleges on waitlists because of a space shortage.

In that sense, Mellow believes there are better ways to spend the money that could go to marketing.

“I’m not going to change my spending habits because of what the for-profits can do,” Mellow says. “There’s no way I can compete with them, nor would I want to. I’m extremely bothered by it, but I don’t want to get caught in the game. If I had an extra million dollars or two, I would spend it on full-time faculty.”

Though Mellow has no plans to change her advertising habits, she hopes to change those of the for-profit institutions. In particular, she takes issue with how much federal and state money for-profit colleges receive in the form of student aid and then go on to spend on expenses like advertising. For example, Steve Eisman, the Wall Street trader featured in Michael Lewis's *The Big Short*, noted in a May speech that “federal Title IV loan and grant dollars now make up close to 90 percent of total revenues” at “many major for-profit institutions.”

“I don’t have a problem with people accessing public dollars, but let’s have a level playing field,” says Mellow, referencing some of the checks on for-profit institutions that are being discussed in Washington now.

Officials from the University of Phoenix refused to break out their marketing spending any further than required of them by the government. Still, they say that they view community colleges as “partners” and not competitors.

“Our goal with respect to marketing is simple: to ensure that anyone who wants a quality higher education – and is willing to work hard to get one – knows that University of Phoenix is an option,” writes Phoenix spokesman Manny Rivera. “All of our marketing efforts are oriented towards accomplishing our mission, and to helping current and prospective students achieve their goals.”

Thomas Bailey, director of the Community College Research Center at Columbia University Teachers College, says it is possible that colleges may lose some enrollment to for-profit institutions when the economy turns around, depending on how they market themselves. For example, community colleges that feel they no longer have to market themselves to traditional-age students may lose them in the future when enrollment trends change.

Bailey argues that community colleges do not need to market themselves in traditional ways for brand recognition, noting that most people know their local community college exists. Instead, he believes community colleges should do more to ensure that potential students who know of them fully understand what they do and what they have to offer.

“Community colleges don’t need to recruit students,” Bailey says. “They have more than enough. It’s so easy for community colleges to get students to come that they often don’t provide much information about the college. If you take my broader view of marketing – providing information and guidance to students to know what's right for them – that needs to be done right now."

Marketing experts offer another view. Many of them say it is a major mistake for community colleges to cut back on marketing just because students are flooding through their doors.

Carl J. Sefl, founder of ROI Marketing Services and former executive director of marketing and admissions services at Kirkwood Community College, in Iowa, advises a number of two-year colleges across the Midwest. Though it is a hard sell to some clients, he strongly urges community colleges to not cut back on their marketing.

"If you're in business for the long term – which I presume all community colleges are – then you need to continue an investment in good marketing," Sefl argues. "You shouldn't let up marketing efforts. You should be maintaining or increasing them, because what you're seeing with enrollments right now is artificial. It's a bubble. If you're not on the mind of key audiences … then there will be consequences that you just don't even know about."

Among the potential downsides to letting up on marketing, Sefl explains, is losing ground to for-profit institutions. He maintains that those college administrators who conflate marketing and advertising are more apt to trim both. But, he says he is determined to change minds.

"If you envision marketing as just advertising and your budget gets whacked, then are you going to cut $50,000 from the ad budget or fire an adjunct faculty in English?" Sefl asks. "You're going to dock the 'cost' of advertising. But, if you perceive advertising as an investment, you still may lack the budget, but you'll think long and hard before making that decision."

— David Moltz

Pension ‘crisis’: Did Prop 21 pave the way?

By Ed Mendel

A little-known ballot measure a quarter century ago, Proposition 21 in 1984, opened the door for much of the current controversy over California’s public employee pensions.

Pension funds had been required to put most of their money into bonds. The measure lifted the lid and pension funds, seeking higher yields, began shifting most of their money to stocks and other riskier investments.

Now it’s possible to look at the big problems facing public pensions and suspect that the difficulty would be smaller and more manageable, perhaps even avoided in some cases, if the funds had stayed with a conservative investment strategy based on bonds.

Here is an outline of the trouble facing public pensions, particularly the giant California Public Employees Retirement System that covers half of all non-federal government workers in the state.

Unaffordable benefits. When funds had surpluses from a booming stock market, pensions were increased to levels now said by some to be “unsustainable.” CalPERS famously told legislators a major increase for state workers, SB 400 in 1999, would leave state costs little changed for a decade. But expected investment earnings fell far short, causing a dramatic increase in state costs to $3.9 billion in the new fiscal year.

Investment losses. CalPERS investments valued at $260 billion in the fall of 2007 plunged to $160 billion in March of last year, before rebounding to about $200 billion. The losses must be covered by increased employer contributions from state and local governments. Now in an era of historic cuts in government budgets, big increases in pension costs are projected. Labor unions are being urged to agree to cut pension costs.

Hidden debt. Critics say pension funds understate the debt owed for future pensions by assuming costs will be covered by overly optimistic earnings, about 8 percent a year. CalPERS and CalSTRS may lower their earnings forecast. A proposed accounting rule change would use lower bond rates for part of the debt estimate. A Stanford study using bonds showed a state pension debt of $500 billion, not the reported $55 billion.

Scandal. A former CalPERS board member, Al Villalobos, sued by the state along with a former CalPERS chief executive, Fred Buenrostro, received more than $50 million in fees for helping private equity firms obtain CalPERS investments. CalPERS had a series of well-publicized real estate losses, including $1 billion in a failed 15,000-acre development north of Los Angeles.

The narrative would be that moving away from bonds led to surpluses, optimism that earnings could pay for higher benefits, little defense against a market crash, and a need for higher earnings that requires riskier investments.

An investment strategy based on bonds probably would provide lower benefits. That might have blunted some of the criticism of generous pensions — for example, the "$100,000 club" posted by a reform group.

But it's the growing cost of pensions, crowding out funding for education and other basic government services, that has Gov. Arnold Schwarzenegger and others calling it a "crisis."

The fear that costs can't be controlled, and that the massive pension debt will continue to grow, fuels the move to switch new government hires from pensions to the 401(k)-style individual investment plans common in the private sector.

*** * * * ***

Attorney General Jerry Brown, the Democratic candidate for governor, mentioned the change in CalPERS investment strategy twice as he announced a civil lawsuit filed in May against the former CalPERS officials, Villalobos and Buenrostro.

"CalPERS in former times operated on a more steady, slow-return, extremely safe investment," he said, "and over the decades this has been changed to a more risk-tolerant environment. I think they are going to have to move it back to a more balanced portfolio."

Brown attributed the change to the emergence of a "casino economy" and widespread pressure, not just on pension funds, to "earn more and more." He later acknowledged that he had forgotten about the little-known ballot measure.

Proposition 21, approved in 1984 two years after Brown ended eight years as governor, lifted a lid that allowed only 25 percent of pension fund investments to be in blue-chip stocks.

Public pension funds like CalPERS, which began operating in 1932, were only allowed to invest in bonds in their early years. A ballot measure in 1966, Proposition 1, took the first step away from bonds.

The measure placed on the ballot, without a single "no" vote in the Legislature, was said to be needed to lift a 94-year-old prohibition against stock investments, which were being successfully used in 30 states.

Proposition 1, approved despite a ballot pamphlet argument urging voters to "stay off of this common stock bandwagon," allowed up to 25 percent of pension fund investments to be in large-company stock that paid dividends and met other safety tests.

As the stock market began a decades-long boom, the Legislature placed a measure on the ballot, Proposition 6 in November 1982, allowing up to 60 percent of pension fund investments to be in stocks. It was rejected by 61 percent of the voters.

After a series of hearings the Legislature, with only two "no" votes, placed Proposition 21 on the June 1984 ballot to replace the 25 percent cap on stocks with a broader guide based on what a "prudent person" would do.

The “prudent person” rule was said to have worked well for private-sector pensions for a decade. Though less restrictive than the measure roundly rejected a year and a half earlier, the new version passed with 53 percent of the vote.

A joint legislative committee held five hearings on pension management leading up to Proposition 21. The legal counsel was Ian Lanoff, now fiduciary counsel for the California State Teachers Retirement System.

Lanoff had helped develop the “prudent person” rule for private-sector pensions in the Employee Retirement Income Security Act of 1974, enacted after problems in pension funds operated by the Teamsters union and others.

“I was very much in favor of what was done,” Lanoff said of Proposition 21, “and I think it has worked to the benefit of both PERS and STRS through the years.”

He said two of the most powerful legislators of that era, former Assembly Speaker Willie Brown, D-San Francisco, and the late Assembly Rules Chairman Lou Papan, D-Millbrae, pushed for Proposition 21.

In another change, the Proposition 21 campaign was chaired by Robert Carlson, the CalPERS board president, now retired. He said studies showed that investing in all asset classes yielded higher returns.

“Other funds across the U.S. had unlimited authority and some had limited authority,” he said.

Carlson said the CalPERS fund, about $32 billion in 1984, made big gains under the policy of letting laymen, acting as prudent fiduciaries with advice from experts, determine the asset classes.

He believed the change would be more successful than letting “politicians dictate” the amount that could be invested in stocks. In his view, Proposition 6 failed because it specified a percentage for stocks, rather than allowing flexibility.

The ballot pamphlet arguments for Propositions 21 and 6 were signed by former Assemblyman Larry Stirling, R-San Diego. The former city councilman said much of his motivation came from the San Diego retirement system.

He said the San Diego pension fund was getting minimal investment earnings, sometimes as little as one percent, from institutions that were loaning the money to others at a much higher rate, sometimes more than 5 percent.

Stirling said he wanted to end the profitable “arbitrage” by the lenders, get a better yield for the pension funds to aid retirees and taxpayers, and strengthen the “trust” status of pension funds to prevent raids by politicians seeking money to balance their budgets.

What he did not foresee, said Stirling, is that the financial health of the pension funds resulting from Proposition 21 would be used to approve “unsustainable” increases in pension benefits.

"You learn a lesson," he said, "and the lesson is there is nobody enforcing the prudent man rule."

The ballot pamphlet argument for Proposition 21 said pension trustees would be "personally liable" if they fail to exercise the care expected of a "prudent person" knowledgeable in investment matters.

"This approach recognizes that, when the duty to choose is linked to personal responsibility for the choice, the highest level of independent, professional judgment is exercised," said the bipartisan argument signed by Stirling and Papan.

In practice, the personal liability is hedged by insurance provided by CalPERS and CalSTRS for their board members. Spokesmen for the two funds said there have been no lawsuits or legal claims alleging that board members made imprudent decisions.

The ballot pamphlet arguments against Propositions 21 and 6 were signed by Jake Petrosino, a former CalPERS board member. The opponents argued, among other things, that stocks are risky and taxpayers would have to pay for losses.

"I just know we took on Wall Street and, of course, got our brains beat out," said Petrosino. "The whole idea was to allow them free rein to invest in anything they wanted to."

*** * * * ***

The use of bonds in pension funds is getting a new look in two ways — as a method for showing debt through "risk-free bonds" and as part of a strategy to manage risk and return through "liability-driven investing."

A number of economists argue that since public pensions are guaranteed by law and virtually risk free, their debt owed for pensions promised current workers and retirees should be offset or "discounted" with the earning rate of risk-free government bonds.

Currently, public pension funds operate under accounting rules that allow the debt to be discounted with the assumed rate of earning from a diversified portfolio that includes stocks and other investments, now often about 8 percent.

What happens when the debt is calculated with the less risky and much lower earnings from government bonds, a little over 4 percent, was shown in a study done by Stanford graduate students in April.

The Stanford report said the shortfall or "unfunded liability" for the three state pension funds (CalPERS, CalSTRS and UC Retirement) was a "hidden debt" of $500 billion, not $55 billion as reported by the retirement systems.

The point of view of the economists may be getting some traction. The Governmental Accounting Standards Board asked for comment last month on a proposal to use the risk-free rate to discount public pension debt not covered by assets.

The change would increase any “unfunded liability,” presumably emphasizing the need to put more money into the pension fund. Some think the change would result in higher government pension payments, but how much is unclear.

Next week, the board of the California State Teachers Retirement System is scheduled to receive a background paper and hear a pro-and-con discussion by two experts on “liability-driven investing.”

One of the results of the flexible strategy is likely to be more investment in bonds. The CalSTRS paper notes that the strategy might “lock-in” a funding deficit and yield lower earnings.

The liability-driven strategy is said to be used by some corporate pension funds, which operate under tighter rules for valuing assets. The paper suggested the CalSTRS board might want to revisit the strategy when the system’s funding improves.

The CalSTRS funding level is 77 percent, below the 80 percent some regard as an acceptable minimum. The funding level of CalPERS also is near 80 percent, boosted by a $600 million contribution increase from the state in the new fiscal year.

Last September, CalPERS actuaries proposed a back-to-bonds pilot program in a small survivor benefit program that had a surplus. They wanted to test “immunizing” against big swings in funding levels.

The survivor program “could then be used as a model for immunization possibilities in the future should surpluses ever arise in other programs.” The CalPERS board rejected the proposal.

Reporter Ed Mendel covered the Capitol in Sacramento for nearly three decades, most recently for the San Diego Union-Tribune. More stories are at http://calpensions.com/ Posted 1 Jul 10

Picking Up the Pace
Inside Higher Ed

July 6, 2010
Community colleges across the country are responding to the call by many education experts to get the lead out and meaningfully decrease their students' time to degree and program completion.

Southern West Virginia Community and Technical College, for example, will change from the semester to a trimester class format this fall. Classes will run for 14 weeks instead of 16 weeks, and the summer term will have just as many course offerings as the fall and spring terms. While each class will be about ten minutes longer, the most motivated students will be able to earn an associate degree just under a year and a half — compared to what had been the norm of two years (with a summer off).

"Our students will graduate earlier in the year than those at other colleges," says Joanne Jaeger Tomblin, the college's president. "Southern's graduates will be ready to enter the work force sooner as well, giving them an edge when applying for jobs."

The new trimester format will complement the college's existing "fast track" option, which allows students to earn an associate degree in 14-16 months by completing one course at a time every two weeks. About a quarter of the college's 2,200 students already take advantage of this accelerated option.

But the new trimester format will speed up everyone's time to degree completion and, Tomblin hopes, improve the college's graduation and retention rates in the process. She believes more community colleges should find ways to accelerate their degree programs, given evidence that students in these programs are more likely to graduate than their counterparts in traditionally-paced courses.

"It's just another opportunity to do something different," says Tomblin, explaining that the college was inspired to make the scheduling change in response to President Obama's challenge to double the number of Americans with a postsecondary credential by 2020. "I would hope more colleges will look into this. People are so in a traditional thinking mode that it may take a while to catch on. We need to think about what kind of delivery methods we can bring forward to help everybody."

Southern's switch to the trimester format, while only a modest acceleration, is somewhat unusual in that it applies to all students. Many of the community colleges moving in this direction are doing so for cohorts who can enroll full time, but not for all students. Nationally, both the Obama administration and key outside groups, such as the Bill & Melinda Gates Foundation, have been urging this speeding up, arguing that too many students in a protracted community college education drop out.

Most prominently, the City University of New York's Accelerated Study in Associate Programs (ASAP) has already achieved some success. Officials announced last week that more than half -- 53 percent -- of the program's initial test cohort of students graduated in three years. Similar programs exist all over the country in areas rural and urban, including at Grand Rapids Community College, in Michigan; Inver Hills Community College, in Minnesota; and St. Louis Community College, in Missouri.

Lower Columbia College, in Washington State, will pilot "Transfer Express," a program in which participating students can earn an associate degree in one year, this fall.

"We've always had students that take more credits than is typical because they want to get their degree faster," explains Laura Brener, the college's vice president for instruction. "Every community college has those students that are highly motivated, though not necessarily highly capable, who try to do this. If they manage to get through a two-year program in one year, it's likely in spite of us. We don't do much in higher education to help these students. We asked, 'Why not?' We have students who are doing this, and we're not helping them. This is a way of deliberately assisting them to finish early."

The college operates on the quarter system, so students in "Transfer Express" will have to complete six quarters' worth of courses in only four. The program will operate in cohort fashion, keeping the initial pilot group of 25 students together throughout all of their classes and for mandatory study time. Participating students will give up nearly all of their course selection -- the program has preselected which elective subjects the group will take. Brener says that students will take a "broad-based" selection of electives, with the object being to introduce them to a variety of disciplines. The idea that students can make more progress through fewer selections, is another part of the emerging philosophy at CUNY and elsewhere around the country where educators are looking for ways to encourage completion at higher rates and faster rates than in the past.

Students who enroll in the accelerated program could save as much as $500 in tuition, Brener says, noting that the college's tuition rates are less expensive per credit for those who take more credits a quarter.

Brener believes the poor economy has given accelerated degree programs like "Transfer Express" more currency at community colleges like hers. She also thinks more two-year institutions should adopt similar cohort-based programs. Still, she is the first to admit that this accelerated learning method may not be for everyone. (Indeed, some have worried that the growing emphasis on quick job preparation at community colleges may limit the aspirations of some students.)

"Nobody's trying to replace the typical path with accelerated programs," Brener explains. "Not everybody's going to come in college ready. Not only do many students come in without the proper background and skills, but they also don't come in with the same motivations to complete. There have to be a variety of pathways to meet their needs."

Officials pushing a similar one-year associate degree program at Ivy Tech Community College, Indiana’s two-year college system, express a similar sentiment; however, they hope these accelerated programs produce methods that can be used to help all students -- not just those who do not need remediation -- complete.

“We need a variety of ways for students to go directly from high school to college quickly,” says Tom Snyder, Ivy Tech president. “The lowest-cost way is with dual credit while in high school, but we also need to find ways to help more students start college on a full-time basis. That’s an attractive option. There needs to be a policy solution to help … students who work between 30 and 40 hours a week earn their degree faster.”

Like the program at Lower Columbia, Ivy Tech’s accelerated degree program will start with small cohorts of students for a trial run in the fall. The participating students must not need remediation, maintain a minimum 2.5 grade point average and sign a pledge to stay with the program for the full year. The students will also receive a $100 a week stipend to offset some of the personal costs they will incur because they will likely not be able to work a job while in the program.

The college’s Indianapolis campus will offer the associate of applied science in computer information technology and the general studies associate of science in the one-year format, while the college’s Fort Wayne campus will offer the accelerated associate of applied science in health care support.

“We’re a traditional manufacturing state,” Snyder says of Indiana. “But those manufacturers need employees with more skills. To the extent that we can quickly get more people with college degrees into the workforce, that’s what been driving us.”

Snyder thinks more community colleges will adopt similar accelerated programs when they see the success of early adopters like Ivy Tech. Still, he acknowledges that finding funding for these programs is a major difficulty and remains the main barrier to formally introducing such programs to community colleges.

— David Moltz

Solano Community College has two administrators resign

By Sarah Rohrs / Times-Herald, Vallejo
Posted: 06/30/2010 01:02:13 AM PDT

Nearly six months after both were hired to steer finances at Solano Community College, two top level administrators resigned on the same day.

The college filled both vacancies with consultants on an interim basis the following day, officials said.

Solano College President Jowel Laguerre said he could not comment on why the administrators resigned on June 16. "It happens," he said. "It's a personnel issue and I'm not going to comment."

Both Carey Roth and Nalini Srinivasan were hired in early January.

Roth came from Los Angeles to serve as vice president for administrative and business services. He oversaw fiscal services, facilities, and other issues. He previously was director of Anil Verma Associates of California, a construction management firm for schools and community colleges.

Meanwhile, Srinivasan was hired as director of fiscal services to oversee payroll accounting and accounts payable. Previously, she worked as a budget analyst in the Office of Finance, Customs and Border Protection, with the Department of Homeland Security in Washington, D.C.

State finance expert Roy Stutzman is filling Roth's position, and consultant Terri Ryland, whom the college has used previously to handle fiscal matters, is performing Srinivasan's duties, he said.

A national search will be done to find permanent replacements for both, Laguerre said.

Resignations among Solano Community College's top administrative tiers is one issue an accreditation panel has said needs to be addressed.

Hired to help steer the college through its accreditation improvements, State Trustee Tom Henry said his main concern was that openings were filled quickly.

The accreditation panel has ruled the school will remain accredited at least through October when the panel makes a follow-up visit.

Standing Up to 'Accreditation Shopping'

July 1, 2010

Critics of for-profit higher education have of late drawn attention to what they see as a pattern of "accreditation shopping" in which for-profit entities purchase financially struggling nonprofit colleges, and then hold on to the regional accreditation that the nonprofit colleges had for years, even as the new owners expand or radically change the institutions' missions.

One accreditor is saying "not so fast." The Higher Learning Commission of the North Central Association of Colleges and Schools has recently rejected two "change of control" requests to have accreditation continue with the purchases of nonprofit colleges (Dana College, in Nebraska, and Rochester College, in Michigan) by for-profit entities. Further, the accreditor insisted on a series of stipulations to approve the continued accreditation of Iowa's Waldorf College -- stipulations that will effectively keep the near-term focus of the college on its residential, liberal arts mission.

The rejection of the accreditation continuation for Dana led the college's board to announce Wednesday that its purchasers no longer consider the deal viable. As a result, the sale will not take place and the college, founded in 1884, will shut down. There will be no operations for the 2010-11 academic year.

The decisions by the Higher Learning Commission (HLC) have been based on a new set of policies the accreditor approved that require that the mission remain similar after a purchase if the new owner wants the accreditation to carry over. A new owner who wants to change an institution's mission still has the right to apply as a candidate for initial accreditation, but that process takes longer and is one that many purchasers of colleges want to avoid.

Sylvia Manning, president of the HLC, said that the new policy was designed to prevent the use of a struggling college's accreditation to launch entirely new institutions. "This practice that has been called 'accreditation shopping' -- that's something we are very much opposed to. Accreditation is not like a liquor license."

The HLC does not release details on its decisions, although it announces them in general terms and plans to announce its decision on Dana today. A letter delivered to the college Wednesday was leaked to *The Lincoln Journal Star.* Manning declined to confirm the details in the letter that were quoted by the newspaper, but other sources verified its authenticity.

Dana, a Lutheran liberal arts institution, announced in March that it was being purchased by a new for-profit company. The new owners at the time said that they were going to be focused on building up the college in its present form -- and that they were committed to keeping the college's tenure system, an unusual move in for-profit higher ed.

The HLC letter, as described in the Lincoln newspaper, suggested that the investors had in mind a much more dramatic shift in Dana's mission than they indicated at the time the purchase was announced. According to the Lincoln newspaper, the HLC rejected the idea of maintaining accreditation because of "an inability to demonstrate sufficient continuity of the college's mission and educational programs," in part due to an interest in offering online programs that would represent a shift from the college's "residential liberal arts programs."

Further, the HLC found that the new board lacks enough autonomy from the investors, and that the proposed leaders of the new college lacked sufficient experience leading liberal arts colleges to manage Dana.

Manning said that HLC acted in the Dana case, as well as in the reviews of the purchase of Rochester and Waldorf, under new rules that were adopted last year and finalized this year to govern the reviews of accreditation status in such shifts of ownership. The new rules place a strong emphasis on continuity of mission -- a standard that could be difficult for purchasers who want to revive the finances of a traditional college by launching a major distance education operation.

The new rules say, for instance, that HLC will consider "the extension of the mission, educational programs, student body and faculty that were in place when the commission last conducted an onsite evaluation of the affiliated institution" and "the ongoing continuation and maintenance of the institution historically affiliated with the commission with regard to its mission, objectives, outreach, scope, structure, and related factors."

There is nothing wrong, Manning said, with purchasing a college with the idea of shifting its mission, but the appropriate thing to do in such cases is to apply as a candidate for initial accreditation, not to transfer existing recognition. "If it's the same college, then we can extend the accreditation," she said.

She said that the policy on change of ownership was detailed over the last year because of the increasing number of for-profit purchases of nonprofit institutions. "We didn't have this 10 years ago," she said.

Manning confirmed that HLC has also rejected the continuation of accreditation for Rochester College under a planned purchase, but she declined to say why. Rochester, a Christian college in Michigan, announced that it was being purchased by University Education, which is a subsidiary of K12 Inc., a publicly traded company that has focused on providing online education for elementary and secondary school students. K12 has been building links with higher ed of late, announcing a deal in April in which it is working with Middlebury College to apply the college's expertise in foreign language instruction to the pre-college population.

The deal with Rochester, according to a description on the college's Web site, seems to be based on the kind of mission shift that creates a conflict with the new HLC rules. "After exploring other potential candidates, K12 has selected Rochester College as its partner of choice for beginning its work in higher education. Through K12's wholly owned subsidiary, University Education, the school will continue to operate as Rochester College -- under a new Board of Trustees and with access to its world-class technology platform for delivering online courses," the statement says, adding that a physical campus will also be maintained and improved.

Officials of Rochester and K12 did not respond to requests for comment. Rochester's statement on the reason for selling cited financial reasons: "Harsh economic realities have closed several small colleges over the past few years. Onerous debt, a declining donor base, poor financial decisions, and a harsh recession have combined to put Rochester College at risk."

As for Waldorf, whose accreditation was allowed to continue after a for-profit purchase, Manning stressed that many stipulations were placed on the college as a condition of continued accreditation. Those stipulations, Manning said, "essentially controlled the growth and required them to sustain the college." There are "limits on programs not already in place," she added. "They can't walk away from that traditional mission."

At Dana, college leaders were clearly frustrated with the decision to deny continued accreditation after a sale. The official statement announcing closure said that "HLC's decision was inaccurate, unfair and based on speculation and information not included in the required change of control request."

The college has about 550 students, and officials said that agreements with the University of Nebraska at Omaha and Grandview University, in Iowa, would allow students to continue their studies.

— **Scott Jaschik**

The Compton Bulletin – June 29, 2010

Free speech restrictions fail, budget looks fishy

Dear Editor,

For once in years, I witnessed council members join together and not vote on an ordinance that would have prevented residents from speaking under the different commissions and authorities, as well as allow them to be barred for 30 days.

I heard (during a recent council meeting) Mayor Eric J. Perrodin tell City Manager Charles Evans to bring this ordinance to the agenda. He was upset and ejected Lynn Boone and William Kemp. I kicked myself out to save him the embarrassment!

The mayor didn't get his way despite the help of City Attorney Craig Cornwell (Evans doesn't write legal opinions).

Councilwoman Lillie Dobson repeats what Perrodin says about how we don't pay higher taxes in Compton. Dobson is an idiot and must realize Perrodin said he tacks other fees on because the people are going to pay their property taxes.

She should realize he appointed her for manipulation! Once again, the city's budget is questionable. Where does Pamela Donaldson, budget officer, believe she and her staff will get the revenue needed to offset the expenditures she presented in the budget?

The state demanded $9 million from the city that wasn't included in last year's budget. Donaldson didn't answer important questions about the budget. Evans said the answers would be put online. The council members, without Perrodin, voted for the budget. The city's high-priced lobbyist from Washington told the officials recently that no money would come to Compton until they got their "act" together.

The city requested millions of dollars from the stimulus package without receiving any, at least, that the public is aware of. The mayor and Dobson couldn't get $8 million for their fire station from Washington because they lack adequate communication skills.

College district Trustee Lorraine Cervantes can't take care of the college's business but butts into business that doesn't concern her. She thanked City Clerk Alita Godwin for bolting down the extended agenda in the Council Chambers foyer and accused people of stealing public property.

She tried to prevent the residents from holding a town hall meeting at Compton College, which she feels she owns.

She was there when the college was lost and voted on money for Danny Bakewell's company to build a dysfunctional building, which continues to sit vacant. No longer president, she continues to be the self-appointed spokesperson for the trustees.

She helped Stella Luna, events coordinator at Compton College, to try and prevent the residents from hosting the meeting there. Luna gave dysfunctional microphones to the group after taking money for the use of the facility. The meeting was successful and proved Cervantes doesn't have all the power at the college. She said someone told her there were only 30 people who attended. She lied about that and her college education. I have the list of names. Cervantes will lose in 2011.

Dobson doesn't have a college education and knows nothing about the business of a college.

The fence-sitters will pay the price and lose in 2011.

JOYCE KELLY
3rd District

Budget +9: Rhetorical Flourishes

July 9, 2010 · Posted By John Myers · Filed Under CA Budget, The Governor

Perhaps it should be stipulated at the outset of this posting that virtually all elected officials frame data points in a way that helps make their case. Creative license in the world of politics knows no party or ideology... it just comes with the territory.

Still, there was something about this weekend's radio/internet address by **Governor Arnold Schwarzenegger** that caught my attention, a statement that seemed just a little hard to believe: that inaction by the Legislature has actually grown the size of California's deficit over the last six months by $3 billion.

Really?

Budget Inaction -- Weekly Address -- 07/09/2010
http://www.youtube.com/watch?v=J_E5ofSb6mw&feature=player_embedded

The above video, posted Friday afternoon as the latest installment of Schwarzenegger's 'California Report' (not to be confused with a certain statewide radio newscast), seems to reflect a slightly new tactic in the governor's strategy of resolving this summer's budget impasse: upsize the blame while simultaneously suggesting we should downsize government.

The comment that got me thinking comes within the first 25 seconds.

"Since January," says Schwarzenegger, "the legislators' inaction has already added nearly $3 billion to the deficit."

So that means that the now $19 billion problem was only $16 billion when the governor unveiled his January spending plan, right? Wrong. The January 2010 budget plan submitted by Schwarzenegger pegged the state's shortfall at $19.9 billion; four months later, he recalculated the problem to be $19.1 billion.

Yes, according to the governor's own documents... *the state's deficit actually shrank by $800 million since January, rather than growing by $3 billion due to "inaction" on the part of the Legislature*.

The number the governor is referring to (one which his communications director pointed out to me when I tweeted on this statement Friday afternoon) is on page 3 of his administration's May budget revision summary. Here, it says that the Legislature's failure to act on his January recommendations has led to $2.8 billion (close enough) of those options no longer being achievable. In other words, the Legislature took a pass on almost $3 billion of his deficit-fixing ideas... which meant they'd have to find almost $3 billion in fixes somewhere else.

Disagreeing on proposed solutions is not the same thing as actually growing the size of the problem -- yet that's exactly what Schwarzenegger's weekly video accuses the Legislature of doing.

The governor's new video also jumps on another PR push that began this week by his team: putting a daily dollar figure on the impasse ($52 million), a number that's not actually reflective of daily red ink. But even here, Schwarzenegger is upsizing the rhetoric -- claiming that "every additional day of inaction costs taxpayers another $52 million." Another $52 million? On top of the existing deficit?

If the governor's math is on point (i.e., *every day is making the hole deeper*), the state's deficit would now stand at almost $22.5 billion, and by the end of July, we'd be facing a gap of almost $24 billion. But that's not what's happening; instead, what the inaction is really doing is forcing *different* tough choices to be made... not forcing a larger *dollar value* of tough choices to be made.

Schwarzenegger's advisers will probably think I make too big a deal of this, but it's an important distinction. Budget deficits are not cash deficits; they reflect the total amount short that state government will come up once the entire 12 month fiscal year is over. We're only nine days in. The hole is not getting deeper, the Legislature just can't decide which tools it wants to use to climb out... and they're not going to use several of the ones Schwarzenegger suggested.

But we still have no real sense of which tools are ultimately going to be chosen. Democrats continue to insist, publicly and privately, on some kind of additional tax revenues -- which the governor, in his video, again rejects. Meantime, it's still a little unclear what bottom line legislative leaders are using.

In his own radio address today, **Assembly Speaker John Perez** makes the following comment: "Legislative Democrats have unveiled a unified proposal that reflects the core values of Californians, focuses on job creation and begins closing our long-term structural deficit."

But in truth, the proposal seems to consist only of some big picture points; a lot of the details -- including where all the money comes from and how a supposedly 'modified' version of the Assembly Dems' controversial Wall Street borrowing plan fits in, for example -- have not been "unveiled." Until they are, the Democratic rhetoric may help keep their own forces unified... but it doesn't seem poised to win over recalcitrant Republicans.

So we'll all keep watching and waiting. The problem may not be getting worse for now; but the consequences of not solving the problem most definitely *will* get worse, if this summer's standoff goes on too long.

College board nixes plan to put bond measure on the fall ballot

By Brian Babcock

bbabcock@community-newspapers.com

Posted: 07/05/2010 07:30:30 PM PDT

After months of discussion, the West Valley-Mission Community College District board of trustees has decided not to put a $400 million bond measure up for a vote in November.

"We're in a recession. People are losing their homes. The economy's horrible. For those who own an ounce of stock, you know that it's not getting any better," said trustee Buck Polk at the board's study session held on June 29.

Polk said that "there is absolutely no question that this money is needed" to renovate many of the old buildings or construct new ones at the two colleges. But Polk said he couldn't approve going forward with a bond measure this year.

"As I mentioned before," he said, "I don't think the timing could be any worse."

Timing was a key factor in the decision to forgo a vote on a bond measure for the district. But board members said they'd like to begin working toward putting one up for a vote in June 2012.

A survey done in January by EMC Research, Inc. showed that there is community support for a $400 million bond measure. Support from the community was slightly higher for a $200 million bond measure. A few board members said they would be more comfortable putting a bond measure up for a vote that was closer to the $200 million number.

The presidents of West Valley and Mission colleges reviewed the 28 projects that could be accomplished if the $400 million was passed in November. That would be 15 at West Valley and 13 at Mission.

They included renovations to older buildings, construction of new structures and upgrades to walkways.

Ten buildings were identified in need of upgrading or replacement at West Valley College.

"The 10 buildings represent the heart of this institution," said Lori Gaskin, president of West Valley College. "The buildings, including the library, the music, the art, have served hundreds of thousands of students and continue to serve thousands every year.

"These buildings are worn out. They're obsolete. The classrooms and learning environments are not conducive to effective teaching and learning pedagogy."

But trustee Nick Heimlich questioned why maintenance hadn't taken care of some of the problems with the buildings. He added that the district should be focused on the students and not on buildings.

"I don't think students care about buildings. I don't think that's the No. 1 reason why they decide to go to a college. I don't think I've ever heard a student say, 'I went to this college because of this building or that building,' " Heimlich said.

Trustee Adrienne Grey disagreed.

"Maybe people don't say that it was the beautiful buildings that made [their] decision [to attend a certain college]. But when they're going on tours of those campuses "... those beautiful buildings and comfortable climate-controlled environments and natural spaces are going to make an impact. They're absolutely going to influence people," Grey said.

Some of the buildings are poorly designed and out of date, said Grey, who had asked in April that the bond measure discussion be brought back to the board so it could make a decision on whether to put the measure up for a public vote.

"The longer we wait," Grey said, "the worse we'll be."

Saratoga Mayor Kathleen King attended the meeting and urged the board to move forward with a bond measure. She said she's worked to pass such measures in the past.

"What I've learned is that there is no good time [to go to the public] with a new tax. The time is now," King said.

Former trustee Jeff Schwartz, a Saratoga resident who's part of a group pushing to put a two-story limit on buildings in commercial zones in the city, said that if the board decided to put a measure up for a vote, "then I think there will be organized opposition."

The district has not used $235 million it received through Measure H, a bond measure passed in 2004, as it said it would, Schwartz said. He said the arguments used to pass Measure H six years ago are the same ones the district is using now.

He also said that more money was used to build West Valley's new M.E. Fox Center, which he called an "educational Taj Mahal," than was originally estimated. The difficult economic times would also make it hard for people to approve such a measure, Schwartz said.

"I don't think this will be successful," he said.

Deciding Not to Ask

July 12, 2010

Amid fears of a possible “double-dip” recession and simmering anti-tax sentiment, community colleges with pressing facilities needs are deciding they cannot risk a defeat in a bond vote – and so are not going before voters on this November’s ballot to ask for the funds to properly address them.

For example, after months of testing the electoral waters, the Board of Trustees of the West Valley-Mission Community College District, located in California’s Silicon Valley, recently voted down a plan to put a referendum on the November ballot for a bond issue that could have been as large as $400 million. The trustees wholeheartedly agreed that the money was desperately needed to upgrade and replace aging buildings. But, as one trustee put it at the June meeting, “I don’t think the timing could be any worse.”

The trustees’ decision comes in spite of the results of a recent district-wide survey of voters that revealed support for a $400 million bond, and slightly more support for a $200 million bond – in both cases, above the 55 percent supermajority required to pass bond referendums in California. This local support comes on the heels of a successful campaign for a $235 million bond in 2004. Additionally, the district survey reported that 70 percent of the participants “would oppose an increase to property taxes unless the revenue is used only for critically needed projects that support important academic objectives.” There is no doubt in the minds of some district officials that the projects identified for bond money are “critically needed.”

District staff reports note that one of the main classroom buildings on the campus of West Valley College, originally built in 1968, is “unsafe,” “inefficient in energy consumption” and “structurally unsound.” The learning resource center there, originally built in 1972, also “has over a dozen leaks in the ceiling which have damaged books and have caused mold to grow in the stacks." At Mission College, there is also a three-year-old, board-approved plan to replace the main academic building that has yet to be enacted.

John Hendrickson, district chancellor, acknowledged that he would rather have the funds now than later. Still, he does not second-guess the trustees’ decision – saying that they are in a better position than he to judge the electoral climate – and agrees with their determination that it will be better to try again for a bond referendum in 2012.

“We would be best serving our students by telling those bonds to produce revenue ASAP,” Hendrickson said. “But we will continue to fund major maintenance needs in order to carry us through until those bond monies become available. The board members are concerned about not adding any tax pressure on the local economy right now.”

No matter what the economy looks like in two years, Hendrickson remains confident locals will support a bond referendum. If anything, he thinks his college’s lack of an annual tax levy for operational needs – only one of the 72 districts in California levies a local property tax – makes voters in his district more likely to support the occasional bond measure.

“The voting public can more easily put their tax dollars into facilities and equipment than wages,” Hendrickson argued. “We always must be frugal and efficient with tax dollars that are used so that the public has faith that you’ve been smart with their money.”

West Valley-Mission is hardly alone in failing to get a bond on this November’s ballot. It is just one of the few districts where the debate to discuss the possibility made it to the public sphere.

Scott Lay, president of the Community College League of California, mused that some districts in his state ditched the idea long before there could have been formal discussion about it. For example, he noted that when West Valley-Mission officials asked around if any of their colleagues were strongly considering a bond, so that they could provide guidance to their own board months ago, there were no responses. Typically in a state as large as California, several districts have bond campaigns in the works before any election.

“When you’re cutting back on faculty and staff – even though there are separate pots of funds – it’s a hard message to say, 'Let's build some new buildings,' ” said Lay, adding that such discussion nipped talk of a statewide community college facilities bond in the bud months ago.

Economics difficulties of California aside, a poor overall economy does not necessarily mean that community college bond passage is impossible all over the country.

J. Noah Brown, president of the Association of Community College Trustees, said he thinks voters are typically “pretty supportive of and sympathetic to supporting education and community college,” arguing that such pleas for funds are generally less divisive by political ideology than other electoral issues.

“I think it really comes down to how well the board and president understand where the community is on something,” Brown said. “In most instances, boards or presidents won’t want to move forward with a referendum unless it has a good chance of passing.”

— **David Moltz**

Despite shortages, nurses not finding work as quickly

By Susan Abram, Staff Writer
Posted: 07/05/2010 06:30:16 PM PDT
Updated: 07/05/2010 07:07:12 PM PDT

Belinda Gillis assesses a patient at Northridge Hospital Medical Center on Thursday, July 1, 2010. (Michael Owen Baker/Staff Photographer) (Michael Owen Baker)

As a nursing student, Courtney Hansen trained for the unexpected. Now a nursing graduate, the training has come in handy: Unexpectedly, Hansen is finding it tough to find a nursing job.

"When we all started nursing school, we thought, 'We're going to get sign-on bonuses and a job right away,'" said Hansen, a 27-year-old graduate from Moorpark College's nursing program.

"Now that we've graduated, we get responses back from hospitals that say we're not taking new graduates."

Hansen's job situation is increasingly becoming common in California, where 40 percent of new nursing graduates may not find work as quickly as they thought, according to a survey conducted last year by the California Institute for Nursing & Health Care.

Researchers interviewed employers and found that even with the state's projected nursing shortage, the sour economy has encouraged more seasoned nurses to stay on past retirement or else re-enter the profession.

"With fewer nurses retiring or working part time, positions typically available to new nurses have dried up and hospitals and health systems have cut back dramatically on new graduate hires," Deloras Jones, the executive director of the California Institute for Nursing & Healthcare, wrote in a report released in June.

"As a result, an alarming number of new nurses are unemployed, opting for non-nursing jobs, or moving out of state to seek employment opportunities."

The trend is of concern to many, especially deans of schools who worked

hard to revive nursing programs after many were dismantled in the 1990s during the California recession.

At California State University, Northridge, where hundreds apply each year to an accelerated nursing program for those already with a bachelor's degree, some graduates who waited to get into the program are now waiting for employers to hire them.

"Some of our (accelerated Bachelor of Science in Nursing program) students have had some difficulty in finding their first nursing position," said Brian Malec, professor and chair of Health Sciences at CSUN.

"This has resulted in a delay of a few months only," he said. "A large number of our graduates received job offers before they graduated."

But Malec also noted the poor economy has contributed to more established nurses taking on extra shifts because a spouse may be out of work.

"The (hospital) CEOs have told me that right now hiring is tight but there is what you might call a hidden shortage underneath the surface, and thus the hospitals continue to encourage and support our program to produce more nurses," he said.

In her report, Jones calls the dilemma "California's most pressing nursing workforce issue."

At Mount St. Mary's College, where nursing programs also receive a high number of applicants, some recent graduates simply have left the state. "I know for sure one went to Arizona," said Rosanne Curtis, dean of the Nursing Department at the college.

"This is a regional issue," she said. "There are places in the country that are hiring nurses, but there are many of our nurses who are rooted in this community."

The lack of vacancies at hospitals for new hires may derail all the efforts many in the industry have done to avoid a nursing shortage.

By 2020, more than 6 million Californians will be 65 years old or older. Already, the average age of a majority of the registered nurses is 40 years old or older, or five years higher than the national average.

That means California needs to graduate 10,000 registered nurses a year to avoid a shortage.

Moorpark's nursing class (48 students) of Spring 2010 during the graduation ceremony. (Dean Musgrove/Staff Photographer)

In 2004, California ranked last compared to other states when it came to being prepared for the shortage. That ranking improved once nursing programs were again funded.

"We graduated more than 3,000 registered nurses (statewide) in 2008," Curtis said. "We've also been able to improve our ranking to 45th. If we lose that now, we're going to be back where we were in the 1990s."

But some say the fault lies with private hospitals that are trying to make too many cutbacks. Back in the 1990s, hospitals streamlined their operations to cope with rising health care costs and shorter patient stays.

As a result, thousands of RNs lost their jobs as hospitals downsized, and others subsequently left the profession because of lagging salaries, long hours and crushing case loads.

"Generally, what we're hearing is there's waiting lists for positions," said DeAnn McEwen, a registered nurse and member of the California Nurses Association's board of directors.

"Hospitals are trying to cater to clients with money or with insurance," McEwen said. "As a result, more nurses are working without meals and breaks. They are staying overtime."

That worries McEwen, who said new graduates may be taking jobs they are not prepared for, such as in nursing homes, where nurse-to-patient ratios are higher. She also said the trend is hard on licensed vocational nurses and certified nursing assistants.

"New grads are having a hard time finding jobs in their community hospitals, in the university hospitals. But it's not because they are not needed," she said.

But some local hospitals say despite the economy, they continue to hire, though the process has slowed down.

"We have 36 openings, and we do receive approximately 350 applications a month," said Jennifer Castaldo, assistant chief nursing officer for Valley Presbyterian Hospital in Van Nuys.

Castaldo said the hospital works closely with area colleges and even provides scholarships so that new graduates can work with veteran nurses. "It's very important for us to cultivate new nurses," Castaldo said. "It's an excellent balance for quality of care."

At Northridge Hospital Medical Center, new graduates are hired once they have completed an educational program known as Versant.

"We pay a fee to Versant to use their resources, to tell us whether these nurses are competent," said Ann Dechairo-Marino, the chief nurse executive at Northridge Hospital Medical Center.

She calls the recent trend a temporary glitch.

"I'd like to keep hiring new grads," she said. "You keep your relationships with the schools. One of the really lucky things for me is we're able to select the best and brightest. I'm really thrilled, and we're getting some really great RNs."

Some in the industry say they are uncertain how programs approved under the recent health care reform will impact hospitals and nurses.

But others say programs need to be developed in the interim so that new graduates can keep their skills sharp, to be ready once hospitals hire again.

"The solution that most resonated was development of community-based transition to practice programs (internships) to keep newly graduated RNs engaged in the workforce and improve employability," Jones of the California Institute for Nursing & Healthcare wrote in her report.

Belinda Gillis, a registered nurse at Northridge Hospital who graduated through the Versant program, said she felt lucky she was hired last year.

Gillis, 30, said she earned a prior bachelor's degree and worked in the mortgage industry before deciding nursing was a career she really always wanted. She had to wait more than a year before being accepted into a nursing program at College of the Canyons.

She now works in the cardiovascular unit at the hospital.

"I'm definitely one of the lucky ones," she said. "There's still people with my class that haven't found jobs."

For-profit colleges and the threat of a new bubble

Students are taking out loans that they may not be able to repay, and some fear massive defaults.

LATimes
By Tom Harkin
July 13, 2010

Haven't we heard this story before? It features a high-pressure sales force persuading consumers in search of the American dream to go deep into debt to purchase a product of often dubious value. Default rates are sky high. Taxpayer money is squandered. Top executives walk away with fortunes.

This sounds like a description of the subprime mortgage industry, which came crashing down two years ago. But what I just described is the reality at many for-profit colleges.

Their recruitment ads are ubiquitous, offering visions of a cap-and-gown graduation, followed by placement in a well-paying job. At their best, for-profit colleges deliver. Many provide top-quality, innovative options for students who want to pursue postsecondary education while managing work and family obligations.

But serious questions have been raised about some of the major players in this rapidly growing industry. Critics charge that many for-profit colleges employ overly aggressive recruiting tactics targeting low-income students. Students take on excessive debt, and though dropout rates are not available, there is reason to believe that they are very high.

Critics say that the entire business model, especially in the case of publicly traded companies, is premised on a college's ability to churn through many thousands of students, whose federal Pell grants of up to $5,550 and Stafford loans are paid to the school, with no accountability for student learning or graduation. Even good actors in this industry are lured into the vortex of bad practices in order to compete and meet investors' expectations.

For more than 50 years, the federal government has provided students with grants and loans to help pay for college. This has been a powerful investment in our human capital and our nation's future. However, an ongoing investigation by the Senate Committee on Health, Education, Labor and Pensions (HELP) has raised serious questions about whether students — and taxpayers — are getting good value for the surge of federal dollars flowing to for-profit colleges.

From 2008 to 2009, 23.6% of federal Pell grants flowed to for-profit schools, double the percentage from 1999 to 2000. Federal aid to for-profit colleges skyrocketed from less than $5 billion in 2000 to nearly $26.5 billion last year. At many of the major for-profits, federal dollars now account for more than 80% of their revenue, according to a Department of Education report.

The HELP Committee heard testimony in June from Yasmine Issa, a 29-year-old divorced mother of twins who used Pell grants and loans to pay for training to become an ultrasound technician. After completing the for-profit college program in 2008, she was turned down for jobs because — as she belatedly learned — the school's program was not accredited by the organization that determines if she is eligible for a required exam. She was left with a $21,000 debt.

Issa is not alone; 96% of associate-degree students at for-profit colleges take out loans, compared with only 38% of community college students. And for-profit college students are eight times more likely to graduate with a debt larger than $20,000.

For-profit colleges account for only 10% of students enrolled in higher education, but those students receive 23% of federal student loans and grants, and account for 44% of defaults.

Wall Street money manager Steven Eisman told the committee that many for-profit colleges are "marketing machines masquerading as universities." Their rapid growth is driven by easy access to federal student loans, guaranteed by the government. "The government, the students and the taxpayer bear all the risk," Eisman testified, "and the for-profit industry reaps all the rewards."

Some for-profit schools spend a very large share of revenues — nearly 50%— on non-instructional expenses, primarily marketing and recruiting. They do a poor job of producing graduates but a stellar job of generating wealth for shareholders and executives. One large for-profit institution has a nearly 40% profit margin, larger than most Fortune 500 companies, including Apple. The president of the largest for-profit college is paid nearly 14 times the compensation of the president of Harvard University.

Eisman, who was one of the first to predict the collapse of the subprime mortgage industry, sees disturbing similarities in today's for-profit college industry. He estimates that students enrolled by for-profit colleges could default on as much as $275 billion in federal student loans over the next decade.

Subprime borrowers were able to walk away from their homes and, therefore, their debt. But it is a different story for millions of students who take out loans to attend for-profit colleges. Under the law, people cannot discharge student debt in bankruptcy; so if they can't pay it off, it will continue to accrue compounded interest indefinitely. Subprime borrowers lost their homes, but students like Issa stand to lose their future.

In recent years, an absence of federal oversight has allowed a dangerous bubble to grow in the for-profit college industry. The challenge is to crack down on the bad actors and abusive practices while preserving the positive options and innovations that many for-profit colleges have pioneered.

Tom Harkin (D- Iowa) is chairman of the Senate Committee on Health, Education, Labor and Pensions.

No bids necessary for big solar projects, and that can cost you

By Matt Krupnick
Contra Costa Times

Posted: 07/06/2010 12:00:00 AM PDT

A state law exempting solar and other energy projects from bidding requirements could be costing schools and other public agencies millions of dollars in unneeded expenses, experts say.

The statute allows public agencies to sign energy-related contracts without requesting bids, even on massive projects, but the strategy is risky for government officials who do not understand the solar industry. In some cases, the approach leads to higher prices and lower-quality solar panels.

Schools and cities up and down the state have taken advantage of the 1983 law to bypass bidding in order to move quickly on solar projects. Among them, the Oakland-based Peralta Community College District, which has been criticized for signing an $8.1 million contract with Chevron Energy Solutions despite indications that seeking bids could have saved as much as $1.5 million.

"That board should be voted out," said Brett Illers, a San Diego-based solar-power consultant who was not involved with Peralta's negotiations. "They won't even know they signed a stinky deal until year five, and by then that whole board is gone."

Some school districts could find themselves paying higher-than-market rates for electricity within a few years, Illers said, which would dampen enthusiasm for the solar industry.

Other districts are considering using the same exemption to push through their own major projects. The Mt. Diablo Unified School District, fresh off a June 8 bond-measure victory, is working toward a $68 million solar project it says would be the nation's largest at a K-12 district. District trustees have yet to decide whether they will seek competitive bids on the work.

"We are doing our due diligence, whether we seek bids or not," said Gary Eberhart, a Mt. Diablo trustee. "People desire to be on this project and to have their name on it. I think we can be very demanding on the price we get on this deal."

The Peralta district, which is facing a budget crisis, did not seek competitive bids on its project at Merritt College, which is being financed through Measure A, a $390 million bond approved in 2006.

A rare exception

Energy projects are a glaring exception in California law.

To ensure that tax dollars are being spent wisely, public agencies are required to ask interested companies to submit competitive bids on most major construction projects. The competition generally drives down prices, although officials are not required to choose the lowest bidder.

In October, Peralta trustees narrowly approved the contract with Chevron Energy Solutions — which has donated thousands of dollars to the district's foundation in the past four years, according to district documents — to oversee installation of solar panels at Merritt. The 4-3 decision was made over the objections of a consultant who urged the board to wait, and despite a last-minute offer by San Jose-based SunPower Corp. that could have saved the district as much as $1 million on more productive solar panels, according to the company's proposal and the consultant's analysis.

The consultant, Clyde Murley of the Community College League of California, told trustees that Chevron was relying on "unsupported, questionable and apparently conflicting assumptions" in its proposal. Peralta would be well-served by holding off until it had done more research, Murley told the board.

Undaunted by the concerns of Murley and three board members, as well as by the SunPower bid, trustees authorized the Chevron deal. Trustees William Riley and Linda Handy, who voted in favor, even criticized their fellow board member, Nicky Gonzalez Yuen, who asked SunPower to prepare the alternate bid and requested Murley's report.

Gonzalez Yuen, who voted against the deal, and trustee Bill Withrow, who voted for it, did not respond to interview requests.

Board President Abel Guillen, who opposed the Chevron contract, said he does not understand the rationale behind the no-bid law.

"I don't know why the state allows energy companies to get that exemption," Guillen said.

SunPower declined to comment on the Peralta contract, but issued a brief statement saying it supports competitive bidding.

A Chevron spokeswoman said the company supports bidding when it is appropriate, but also said the firm sometimes drops out of contract negotiations if an agency decides to solicit bids. Chevron Energy Solutions, a San Francisco-based subsidiary of the San Ramon oil giant, hires subcontractors to install solar panels.

"We're bringing other things to the table," said the spokeswoman, Juliet Don, explaining that smaller companies are often able to offer lower prices than Chevron. "If it's purely based on price, it's not always an optimal situation."

Many public officials say they support competitive bidding for large projects, but they also like the flexibility afforded by the no-bid law. It is difficult to pinpoint how many school districts, colleges, cities and counties have taken advantage of the law, but school districts in San Jose and Milpitas and the Contra Costa Community College District are among those in the Bay Area that have.

Rush for rebates

The law also has found new popularity in recent years because of the California Solar Initiative, which rewards energy customers who install solar panels.

The initiative provides rebates to customers in most parts of California, but the size of the payments decrease over time, putting pressure on agencies to sign solar contracts quickly. Once enough customers have applied for rebates at a certain rate, a less lucrative rebate takes effect.

Peralta leaders estimated last year that they would be eligible for nearly $2 million over five years if they moved quickly enough on the Chevron contract. They also projected the solar panels would save the district nearly $14 million in energy costs over 25 years.

The Solar Initiative rebate pressure pushed the Mendocino-Lake Community College District to hire SunPower last year without a bidding process. The $6.5 million project is being funded through a combination of bonds and bank financing.

"We had a time crunch," said Mike Adams, facilities planning director for the Mendocino-Lake district. "Our incentive money was going to run out."

Several school and college districts have cited the California Solar Initiative deadlines as the reason for rushing into solar contracts.

But public agencies have no reason to feel pressured, said a spokesman for Pacific Gas and Electric Co., which administers the solar program in its Bay Area service region.

Districts can apply for up to three 180-day extensions, said the spokesman, Kory Raftery, giving the districts plenty of time to seek bids on projects. Time limits are "manufactured excuses," said Sen. Leland Yee, D-San Francisco.

"If you're honest about the process, you'll get through the bidding as quickly as you can," he said. "You're dealing with the public's money."

The no-bid provision is "clearly something that we in the Legislature need to look at," Yee added.

The law was introduced in the Assembly by future Gov. Gray Davis in 1983. Davis, now a Los Angeles attorney, said in an interview he does not remember the original intent of the proposal, but that it might be time to change the law.

"In general, a bidding process is the best way to go," he said. "Obviously the solar industry's much more global and sophisticated than it was in 1983. We have tons of laws that should be eliminated or changed."

Due diligence needed

Whether or not agencies solicit bids, the outcome often boils down to how much research public officials have done. Few public agencies have employees who know enough about solar power to make decisions on their own, said Steve Weissman, a UC Berkeley law professor and former administrative-law judge with the California Public Utilities Commission.

The determination not to seek bids "requires a greater amount of trust in the officials reaching the decision," Weissman said. "But going out to bid doesn't really overcome a lack of in-house expertise."

The process is complicated, experts say, by the complexity of the solar projects. Even taking the projects to a competitive bid is no guarantee agencies are getting the best contractor for the work, and solar installations can differ significantly from one another.

A bidding process can be disastrous if public officials do not know much about solar projects, said Doug Payne, executive director of the Silicon Valley industry group, SolarTech. The key to making sure agencies use the no-bid allowance properly is for solar companies to help the public understand how the technology works, he said.

"It really comes down to experience and due diligence on both sides," Payne said. "The more we as an industry can do to simplify the process," the better off the public will be.

But the shortage of bidding also has encouraged solar installers to sell themselves to public agencies. Adams, of the Mendocino-Lake district, said the process was like dealing with car salespeople in the months leading up to the SunPower contract.

"These guys are true salesmen," a consultant wrote to Contra Costa Community College District leaders in response to a 2007 e-mail from Chevron officials about projects at its campuses.

"Companies are aggressive about using (state law) to bypass competitive bidding," said Sophie Akins, a San Diego attorney who has worked with school districts on solar contracts. "Chevron has been very aggressive in pursuing institutions of learning. I always encourage my clients to consider a competitive bidding process."

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About the law

Government Code 4217.12

(a) Notwithstanding any other provision of law, a public agency may enter into an energy service contract and any necessarily related facility ground lease on terms that its governing body determines are in the best interests of the public agency if the determination is made at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, and if the governing body finds:

(1) That the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical or other energy that would have been consumed by the public agency in the absence of those purchases.

(2) That the difference, if any, between the fair rental value for the real property subject to the facility ground lease and the agreed rent, is anticipated to be offset by below-market energy purchases or other benefits provided under the energy service contract.

Pension fix: bonds-based strategy costly, slow

By Ed Mendel

An advocate of a new bonds-based strategy to stabilize troubled public pension funds says the change would be costly and take years.

The CalSTRS board last week heard what one panelist called a "raging debate" in professional circles: Do public pension funds need to be radically restructured to survive.

The issue was "liability-driven investing," a return with a modern twist to bond-based investing *abandoned by most* public pension funds several decades ago. Seeking higher yields, the funds shifted to riskier stocks and alternatives such as private equity.

The increased investment earnings during good times ballooned to two-thirds or more of pension fund revenue, dwarfing employer-employee contributions. The earnings were expected to cover higher earnings for employees.

But a historic stock market crash and deep economic recession punched a big hole in public pension funds. Now state and local governments, the "plan sponsors," face soaring annual pension payment to cover the investment losses.

Critics are calling it a "pension crisis" and warning that the pension benefits are "unsustainable." A PPIC poll in January said 67 percent of voters favor switching new public employees to 401(K)-style investment plans, common in the private sector.

An advocate of the new bonds-based strategy, M. Barton Waring, retired Barclays chief investment officer, told the California State Teachers Retirement System board that public pensions need big change that will cause emotional, political and financial pain.

"One thing I want to exhort you to is do what has to be done, especially those that represent the teachers' interest," said Waring. "Do what has to be done to save a defined benefit (pension) plan in some form, because the worst defined benefit plan is better than the best defined contribution (401(k)- style) plan."

Waring said the median amount in the tax-deferred 401(k)-style individual investment plans of persons age 60 to 65 is $75,000, not enough savings for an adequate retirement.

Liability-driven investing shifts the focus from seeking returns with riskier investments such as stocks to covering the future obligations with nearly risk-free bonds, bolstered by inflation adjustments or financial instruments called "derivatives."

"If done completely, it would prevent surpluses and deficits from forming," Waring said.

Among the problems, he said, is a potential shortage of federal inflation-adjusted bonds, the difficulty in getting lawmakers to boost contributions to the pension funds, and setting the level of pension benefits.

“It’s a journey,” Waring said. “It’s not something you would try to do in a year. It’s something that would take time.”

CalSTRS already is estimating that it may need to double current contributions, totaling about 20 percent of pay, to reach full funding Teachers contribute 8 percent of pay, school districts 8 percent, and the state 4 percent.

Unlike most public retirement systems in California, CalSTRS cannot set its own contribution rates, needing legislation instead. As state lawmakers struggle to close a $19 billion deficit, CalSTRS is expected to wait until next year to seek more money.

In the debate over public pension investment strategy, the view of financial economists, held by Waring, tends to conflict with the tradition of actuaries such as the other panelist, Dimitry Mindlin, CDI Advisors president.

“LDI (liability-driven investing) is a relatively new buzz word, even though the ideas have been around for quite some time,” Mindlin told the CalSTRS board.

He said it’s probably “more of a marketing campaign to sell these (LDI) investment products than anything else.” For those who think interest rates are a prime risk, he said, “you should certainly consider LDI products.”

But among the problems in adopting an LDI strategy, he said, is that pension commitments can change with pay and other variables, making cash-flow matches with bonds difficult. He said minimizing risk would require “massive” contribution increases.

“The cost would be so high, and the level of benefits would be so low,” said Mindlin, “many participants would decide your defined benefit (pension) plan is not a good thing: ‘It gives me safety but at huge cost.’ You may lose support for your system.”

Waring said shifting to a bonds-based strategy would require changing the way pension fund assets are valued, which could dramatically increase the estimated cost of paying pensions in the future.

CalSTRS currently assumes that investments will earn an average of 8 percent a year in the decades ahead. The new strategy would assume that investments would earn a much lower “risk-free” government bond rate.

A study released by Stanford graduate students in April, based on data before the market crash in the fall of 2008, said that if a risk-free bond rate, 4.1 percent, is used the CalSTRS shortfall or “unfunded liabilities” zooms from $16.2 billion to $157 billion.

Waring said that using earning estimates based on stocks and other risky investments is an "outdated" method developed a century ago by actuaries, but now used only by public pensions and some parts of the insurance industry.

"There is no place in the real world of financial economics where prospective return on assets is used as a basis for financing," he said.

The governor's pension advisor, David Crane, reportedly was removed from the CalSTRS board by the state Senate four years ago because he contended that a huge debt owed for future pensions was being hidden from the public.

Crane and one of the economics professors who agree with the methodology of the Stanford study, Josh Rauh of Northwestern University in Chicago, were among the *speakers at a roundtable* on pensions held last week by Gov. Arnold Schwarzenegger.

Last month, the Governmental Accounting Standards Board asked for comment on a proposal directing public pensions to use the risk-free earnings rate, but only for debt not covered by their assets.

The change would increase a pension fund's estimated shortfall or "unfunded liabilities," presumably a prod toward increasing employer-employee contributions to properly fund future obligations.

In a preliminary report, Jack Ehnes, the CalSTRS chief executive, told the board last week that the proposed accounting change only applies to the reporting of debt, not how pension plans are actually funded.

But, Ehnes said, what if a lower risk-free rate did lead to higher contributions, and earnings turned out to be nearer the current 8 percent target? The plan would have surpluses and the current generation would pay more than its share of costs.

The CalSTRS board, like the board of the California Public Employees Retirement System, is considering lowering its assumed earnings rate, possibly from 8 to 7.5 percent a year.

Several board members requested a briefing on the earnings rate from impartial experts in September, more preparation for a tentatively scheduled decision in November. Some points of view on the complex issue were mentioned at the meeting last week.

Allan Emkin of Pension Consulting Alliance told the board that "it's going to be harder to make money in the next 25 years than it was in the previous 25 years."

He said investment asset classes are no longer as favorable. For example, 10-year bonds yielding 16 percent in the early 1980s now yield 3 percent, and stock price-earning ratios that were 8 percent are now 16 to 17 percent.

“We collectively are going to have to be more innovative, more creative because the tools that worked, which were basically to be fully invested at all times, will probably not be the best strategy for the next 25 years,” Emkin said.

Asked for a breakdown of the assumed 8 percent earnings rate, Chris Ailman, the CalSTRS chief investment officer, said 3 percent is inflation and 5 percent is real growth, reduced further by the nearly 2 percent usually received from stock dividends.

“I would argue, and I have, with people who said it’s going to be 6 (percent) or lower that they are basically saying the United States is going to go in the drain in the next 100 years,” said Ailman. “I’m not willing to go there.”

Peralta on probation
By Matt Krupnick
Contra Costa Times
Posted: 07/06/2010 03:35:31 PM PDT
Updated: 07/07/2010 08:46:50 AM PDT

OAKLAND — Accreditors have placed the Peralta Community College District's campuses on probation, saying the board of trustees and district administrators have put the schools at risk.

In a letter received Tuesday by Peralta leaders, the Accrediting Commission for Community and Junior Colleges wrote that it had significant concerns about "the fiscal solvency and stability" of the 46,000-student district. Peralta officials must demonstrate by October that they have solved most of the problems, the letter said.

The "deficiencies may jeopardize the accreditation of all the district's colleges," wrote Barbara Beno, president of the commission.

Schools must maintain accreditation to show they are meeting academic standards. Losing accreditation is the most serious sanction a college could face.

The Peralta document leveled heavy criticism at the board of trustees and the leadership of the district's recently departed chancellor, Elihu Harris. The district includes Oakland's Laney and Merritt colleges, Berkeley City College and the College of Alameda.

Commissioners said trustees have meddled in district affairs, especially in hiring decisions. A commission report, attached to the letter, noted concern over the hiring of Peralta's inspector general and the creation of a new vice chancellor's position to oversee human resources.

"The personnel hiring process appears to have lost its focus and integrity because of the involvement of a few members of the board of trustees," the report said without naming the involved trustees. "Concerns about board members interfering with the leadership of the chancellor ... raise questions about how effectively the district and its colleges can operate."

Commissioners also noted the significant financial and computer problems that have ravaged Peralta since Harris took over in 2003. One of Harris' early decisions — to switch the district to a PeopleSoft computer system that has never been fully understood by employees — has caused serious problems with the district's financial accounting and operations, accreditors said.

Those problems have prevented Peralta's auditors from completing their work for the past two years, leading to confusion about how much money the district spends.

"The fiscal integrity of the district has been severely compromised by the failure to correctly operate its financial accounting systems, but the actual fiscal state is unknown at this time," commissioners wrote.

Peralta's interim chancellor, Wise Allen, could not be reached Tuesday. Board President Abel Guillen and trustee William Riley did not return phone messages.

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Study Finds Foreign Enrollments Slowing

July 9, 2010

The enrollment of foreign students in undergraduate and graduate programs in the United States has suffered as a result of the worldwide economic crisis -- but perhaps not as much as many have feared, a report from the National Science Foundation suggests.

The good news for American colleges is that the total number of international students in the United States rose by 3 percent from fall 2008 to fall 2009, and all fields of study except psychology, education and the humanities also showed an increase in enrollment, according to the NSF report, which is based on federal data on visas.

But the cause for concern comes from the declining rate of annual growth: Total foreign enrollment rose by 4.3 percent from 2006 to 2007, by 3.7 percent from 2007 to 2008, and by 3 percent from 2008 to 2009. Most of this slowing in the growth rate stemmed from the biological sciences, business, education or health, whereas the rate of growth for most fields related to science and engineering actually increased.

The study comes eight months after the annual "Open Doors" study conducted by the Institute of International Education, which examines similar trends and is the hallmark study of foreign enrollment (and study abroad) trends. The most recent "Open Doors" study, however, which was released in November 2009, covered the 2008-9 academic year, so the NSF data are a first glance at fall 2009 numbers. Open Doors showed a record high number of international students and a large increase in new foreign enrollment in 2008-9, which was before the full force of the recession hit. At the time of the study's release, there were already signs that the increases probably would not hold.

The NSF study cites institutional restrictions on enrollment (due to budget cuts), declines in financial aid, declines in the value of foreign home currencies and the rise in U.S. tuition as specific reasons why the foreign enrollment no longer appears to be growing at the same healthy rate.

When broken down further, the numbers (taken from the U.S. Immigration and Custom Enforcement's Student and Exchange Visitor Information System) suggest that enrollment of graduate students in science and engineering programs increased by 3 percent, but the number of newly enrolled students decreased by 2 percent. In non-science programs, overall enrollment rose 1 percent, and new enrollment stayed constant.

In undergraduate programs, overall enrollment rose by about 3 percent as well, and new enrollment rose about 1 percent. But compared to 2007-8's 17 percent increase, this growth still seems bleak.

Most of the foreign students are from India, China and South Korea -- as was true in the last Open Doors report. But while IIE reported increasing numbers for students from those countries over the previous year, the NSF finds that enrollment from South Korea and 5 of the other top 10 countries of enrollment has decreased.

China, India, Saudi Arabia and Nepal are the only top-10 countries sending more students to the U.S. in 2009 than in 2008, with China's annual growth rate steadily increasing. Though overall enrollments from India increased, new enrollment of science and engineering students from there fell 17 percent in 2009. According to the report, the majority of Indian international students are graduate students in science or engineering fields, so the decline suggests that sending students to America has become more difficult just in the past several months.

The study speculates that based on this data and the ongoing financial troubles of many American colleges and universities, foreign enrollment is likely to be affected in coming years.

Peggy Blumenthal, chief operating officer for IIE, said that when the next "Open Doors" study is released in the fall, it is likely to reach conclusions similar to the NSF's. "We had already flagged the fact that undergraduate enrollment is surging; the big countries are going to continue to be the big countries," she said. "I think the SEVIS data and the IIE data are parallel." She added, however, that it may be too soon to tell whether the growth rate of enrollment is declining.

— **Iza Wojciechowska**

The iPad for Academics

July 12, 2010

By **Alex Golub**

Teachers and students have always been an important market for Apple — a fact made clear by the tremendous amount of spit and polish that went into the new education website the company recently unveiled. But honestly: What do Apple's slickly produced promo videos of adorable multicultural elementary schoolers have to do with us? And just how relevant is their newly-released iPad for what we do? Do academics really need to shell out five hundred bucks for what is essentially a big iPod touch?

After having used an iPad shortly since its release I can safely say that the device — or another one like it — deserves to become an important part of the academic's arsenal of gadgets. Choosing to plop down the money for an iPad is like Ingrid Bergman's regret over leaving Casablanca with Humphrey Bogart. You will do it: not today, not tomorrow, but soon — and for the rest of your life.

At base the iPad is an anything box that replaces a seemingly endless plethora of other things you already own: It's a TV, a radio, an MP3 player, a compass, a flashlight, a level, a deck of cards, a calculator, a photo album, an alarm clock, a Bible, the Talmud (yes, the Talmud has been ported to the iPad)... the list goes on and on. The crucial question for academics is: What in our current arsenal will the iPad replace? After using the device, the answer surprised me: the iPad makes a lousy computer replacement, but it does a great job of replacing paper.

Let me begin by getting one thing straight: When it comes to weaning professors off of traditional computers, the iPad fails. It is simply not a good device for people who do serious productive work, whether that be reading, writing, or working with multimedia. The iPad's on-screen keyboard simply cannot hold a candle to an actual keyboard, even for academics who are veteran texters well-versed in the use of autocomplete functions. You could get a keyboard for the iPad… but then you'd be using a netbook.

Apple deserves credit for making the thing as usable as it is, but it is still not quite there. You can browse on it, but you can't quickly and effectively search databases. You can read e-mail messages, but it takes a tad too long to write them. The screen is much more generously sized than a cell phone… but such a comparison simply damns the iPad with faint praise. Over time the iPad may get more usable as the software improves, but its size will not. And so until the human visual field shrinks and our fingers no longer require tactile feedback, we academics will be sticking to our keyboards and screens.

Where the iPad does shine is as a paper replacement. The iPad is the long, long awaited portable PDF reader that we have hoped for. Finally, we have a device that preserves formatting and displays images, charts, and diagrams. After decades of squinting at minuscule columns of photocopied type we can now zoom in on the articles we are reading and perfectly adjust the text to the width of the screen. You can even highlight and annotate documents and then send the annotations back as notes to your computer.

True, some people do not prefer a backlit screen, but it’s great for reading at night, and despite some early evidence to the contrary, LED screens don’t cause eyestrain any more than eInk. The device is slightly heavier than the Kindle and Nook, but it is still ultra, ultra portable and ultra usable. It makes you read more and saves paper — which is clearly a good thing. Because of the iPad I’m finally untethering myself from paper files. In fact these days I’d rather buy an eBook and export the annotations to my notebook program than add another underlined book to my library — an amazing turnaround for someone who once ranted on this very website about his passion for paper.

The reason the iPad is such a great paper replacement is Apple’s app store. Devices like the Kindle sell you content from a single source and allow you to read it in a single way. The iPad, on the other hand, allows third-party developers to create (and sell) different "apps," or programs, that live on your iPad. This means developers can build better and better apps for reading PDFs, and we can use them without having to buy a new device.

Now, it is currently early days for the iPad and the software is still developing: I have to get my PDFs onto my iPad with one program, and open and read them with another. But clearly things will improve. The makers of the überbibliography program Sente are already working on an iPad app, and soon they and others will make the device even more useful. The only thing you’ll need that can’t be downloaded to the iPad to help you read documents is a stylus — that you’ll have to buy yourself, and trust me, it is actually quite useful, even on a "magically" touchable device like an iPad.

That said, the revolutionary thing about the iPad is not software for reading content, but for finding (and buying) it. The iPad represents the genuine retailization of academic content. Let me explain:

Currently folks like Elsevier act as content wholesalers, selling greats bucketfuls of the stuff to libraries, who then make it available to students and professors. As journals have slowly transitioned away from paper, they have pursued business models of the "purchase this enormous bundle of journals you don’t want or else our Death Star will destroy another planet of your Rebel Alliance" variety. Individual articles are prohibitively expensive, and academics must fight through a tangled, messy mass of proxy sign-ins and authentication web pages while their IT guys make embarrassing, eye-averting administrative decisions to not think too much about the copyright of what is being posted on class Web sites.

Amazon and others have led the way in producing apps that allow you to read content across different devices: once you purchase an ebook or from Amazon you can read it on a Kindle, an iPad, a Mac, or a PC. This in turn raises the question: What would happen if journals went straight to consumers and sold articles like they were mp3s? What if you could log on to your ScienceDirect or JSTOR app and get a complete browsable list of your favorite journal articles, available for purchase for, say, 25 cents each?

Academics are ready for this development. We’ve spent years suffering from Amazon’s fiendish "get drunk and use our one-click purchase feature" to buy books online, and we often download tons of PDFs to make us feel productive. Apps with alerting and micropayment systems could provide for massive distribution that would push new issues of journal to your digital reading device. As such they offer a world where everyone can read exactly the articles they want. Individuals, not institutions, could purchase content — exactly the content they're like, regardless of whether their library subscribes to it or not. In such a system publishers might object that piracy would be a concern, but honestly: If you're selling content to universities that license it to tens of thousands of students living in highly-networked dorm rooms, is an app store really going to make the problem worse?

There are plenty of outlandish scenarios to imagine: professors who create specialized current content lists or anthologies of classic or cutting-edge articles, essentially filtering wholesale content and retailing it to increase their academic prestige (or even a chance to dip their beaks). Classrooms where student readers are easy to assemble and cheap — something textbook companies have tried unsuccessfully to do for some time. Librarians free to give up their increasingly restrictive role as purchasing agents and get back to old (and new!) roles of developing collections and enriching their institutions.

A key feature of the retailization of scholarly content is that it be reasonably free of digital rights management -- and here academic publishing should learn from the music industry's failed attempts to sell copy-protected music. The more open and reusable academic content is, the more reasons people will have to buy it. The great thing about PDFs is that, like MP3s, they are not copy-protected. While some, like the Google book settlement, have sought to meter content down to the word in the name of "choice," such a move will ultimately prove equally stifling. Neither locking down our ability to move texts around nor micrometering them to death are good outcomes for the future of scholarly communication.

As an anything box, the iPad has the potential to replace a whole variety of devices that we use in our research, from voice recorders to GPS units to tuning forks. To be honest, however, I am not sure just how many niches there are here for Apple to fill. The iPad is an expensive device to take to the field, and a lot of times it just cheaper and easier to buy a tuning fork. And in addition, the app store lacks the super-deep selection of specialized programs that are currently available for normal computers.

I'm sure there are certain cases where an iPad might make a great mobile device: photographers who want to view, edit, and upload their photos on the fly, for instance. Overall, however, by splitting the difference between dedicated devices and genuine computers, the iPad doesn't show a lot of promise as a mobile platform for research and teaching. Of course if everyone is always carrying around an iPad already then they might start replacing voice recorders. It's hard to tell. My bet is that tuning forks and compasses are not going away.

Finally, I've been talking about how the iPad helps academics do academe better — but does it offer the ability to do academics differently? Is this device truly "magical" in a way that will radically innovate academe?

While I can imagine some innovative pedagogic uses of the device, what academics do is still narrowly defined — and tied to institutional, political, and economic imperatives. Some imagined the Internet would cause us to rethink what it meant for a text to be coherent — and it has, to a certain extent. But really it has just reinforced our chunky, discrete notions of texts by making it easier to share PDFs and .docs. The academy might be too obdurate to be easily transformable.

At heart, an anything box like the iPad might not be such a dramatic agent for change anyway. The iPad is a chameleon, able to assume the form of other things but lacking (so far) its own unique identity. You can introduce Twitter into the classroom, but Twitter is the innovative factor here, not the iPad. It may be that someone will write the killer app for the iPad that will mutate our activities in unimaginable ways. But for now those ways remain…. unimaginable.

Indeed, it may be that the iPad is just the harbinger of some future tablet device that is yet to come. That future device might not be from Apple, but it will owe a lot to the iPad. Ultimately, academics need a world full of devices they can pour information in and out of. The more open and interoperable our new ecology of applications, devices, and content providers are, the more our learning will enrich human life — whether the people selling us our readers, software, and content are Apple, Amazon, or someone else entirely.

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UC online degree proposal rattles academics

Paul Chinn / The Chronicle

UC Dean Christopher Edley advocates an online program.

Taking online college courses is, to many, like eating at McDonald's: convenient, fast and filling. You may not get filet mignon, but afterward you're just as full.

Now the University of California wants to jump into online education for undergraduates, hoping to become the nation's first top-tier research institution to offer a bachelor's degree over the Internet comparable in quality to its prestigious campus program.

"We want to do a highly selective, fully online, credit-bearing program on a large scale - and that has not been done," said UC Berkeley law school Dean Christopher Edley, who is leading the effort.

But a number of skeptical faculty members and graduate student instructors fear that a cyber UC would deflate the university's five-star education into a fast-food equivalent, cheapening the brand. Similar complaints at the University of Illinois helped bring down that school's ambitious Global Campus program last fall after just two years.

UC officials say theirs will be different.

On Wednesday in San Francisco, UC's governing Board of Regents will hear about a pilot program of 25 to 40 courses to be developed after UC raises $6 million from private donors. The short-term goal is to take pressure off heavily enrolled general education classes like writing and math, Edley said.

More for less

Long term, the idea is to expand access to the university while saving money. Tuition for online and traditional courses would be the same. But with students able to take courses in their living rooms, the university envisions spending less on their education while increasing the number of tuition-paying students - helpful as state financial support drops.

Savings estimates are "encouraging" but too preliminary to disclose, Edley said, noting that even if the pilot program succeeds, cyber UC is still several years away.

Evidence nationwide suggests students could be warm to the idea of online learning.

The number of college students taking online courses nearly tripled between 2002 and 2008, according to the Sloan Consortium, a nonprofit that encourages online education. Nearly 5 million students took at least one online course in 2008, up from 1.6 million in 2002, Sloan found.

UC wouldn't be the first university to offer undergraduate degrees online. Among the most successful is the University of Massachusetts' "UMassOnline," which includes graduate degrees. It reported revenue growth of 20 percent since last year, to $56 million, and 14 percent enrollment growth, to 45,815 students.

Cal State University East Bay also offers four online bachelor degrees: in business administration, human development, tourism and recreation.

The Stanford example

But UC says it's looking for something qualitatively different, possibly like Stanford University's high-end - and cyber - graduate engineering degree.

"Within 30 minutes of a class being taught at Stanford, we're able to offer it around the world," said Andy DiPaolo, senior associate dean at the School of Engineering. "We think in many ways it's comparable (in quality). It's not live instruction. We've tried not to lock students into a specific time."

Students in Stanford's online manufacturing class, for example, live in different time zones yet team up online to design, say, a car lock, DiPaolo said.

"This is not a second-tier program," he said. "We have identical admissions, identical requirements" for online and traditional degrees.

But some UC faculty and graduate student instructors believe removing face-to-face interaction by definition diminishes quality.

In May, student instructors delivered a less-than-subtle warning to the regents.

"We find Dean Edley's cyber campus to be just the beginning of a frightening trajectory that will undoubtedly end in the complete implosion of public higher education" in California, Berkeley doctoral student Shane Boyle testified.

Using a slightly more sober tone, the Berkeley Faculty Association expressed similar concerns in a May report.

"The danger is not only degraded education, but centralized academic policy that undermines faculty control of academic standards and curriculum," it said. "It is also likely that the whole thing will be a boondoggle."

Furthermore, the report said, online instruction is "inappropriate for many subjects and types of learning."

Not inappropriate, countered Edley, but challenging. He acknowledged that figuring out how to put an excellent lab science course online remains "one of the mysteries."

But he agreed with DiPaolo of Stanford that faculty support is key.

Disapproval helped kill the University of Illinois' online program last year, and no wonder: Not only were outsiders hired to teach courses developed by faculty, but courses rejected by faculty were offered online.

"Setting up something the faculty doesn't believe in would be nuts," Edley said. And yet, taking UC online needs only a "coalition of the willing," he said, "not universal support."

Regents meeting

The UC Board of Regents will meet Tuesday through Thursday at UCSF-Mission Bay Community Center, 1675 Owens St., San Francisco.

Discussion: The Committee on Educational Policy will discuss five items, including the online undergraduate degree pilot project, beginning at 9:35 a.m. Wednesday.

-- Learn more about the pilot project. sfgate.com/ZJYX and sfgate.com/ZJYY

E-mail Nanette Asimov at nasimov@sfchronicle.com.

Budget snapshot: Spin war persists in fiscal impasse

By Anthony York | 07/08/10 12:00 AM PST

This is the time of year when the legislative leaders begin to get a little sensitive about the notion that they are standing idle as the budget stalemate drags on. To that end, Senate Leader Darrell Steinberg is trying to promote the idea that progress is being made between Democrats and Republicans in the Capitol over closing the state's spending gap.

Steinberg insists the fight between Republicans and Democrats is really over a $7 billion hole, not the entirety of the state's $19 billion budget problem. But trying to get specifics about what is in the $12 billion of reported agreement between the two sides can be tricky. In fact, the notion itself was rejected by a Schwarzenegger spokesman this week.

"Once the Democrats produce a budget bill, there very well may be some things we agree on," said Schwarzenegger's press secretary, Aaron McLear. "Every day they fail to do this, the problem gets $52 million worse."

Steinberg said Tuesday that in truth, Democratic leaders and the governor agree on how to close more than half of the state's $19.1 billion deficit. It's just that pesky last $7 billion or so that is still the problem .

Assembly Democratic sources also indicate there is agreement on about 60 percent of the $19 billion budget problem. Republican leaders have dismissed the notion as Democratic spin.

Even if the haggling over numbers continues, the fundamental gulf between the two parties remains the same. Democrats want tax increases. Republicans want deeper spending cuts to state programs.

Democrats have agreed to some cuts, but billions less than the $12.5 billion proposed by Schwarzenegger in May. They say they are prepared to postpone about $1 billion in payments to education - money that would normally be due to public schools in the current budget year. Of course, these cuts or delayed payments could grow depending on final revenue figures and any potential new taxes in the budget, since budget formulas dictate that schools receive about 40 percent of all new revenues.

Democrats also say they are prepared to score savings of about $70 0 million from state worker salaries and leaving thousands of vacant state positions unfilled. That's about half of the $1.5 billion Schwarzenegger said he hopes to save through cutting state worker salaries and asking public employees to pay more into their own pension funds.

Schwarzenegger and Democratic leaders have also embraced about $1 billion in cuts to state prisons - cuts that may run into problems because the state's prison healthcare system is in the hands of a federal judge.

Federal funding is used by both Democrats and Gov. Schwarzenegger to plug the state's budget hole. Schwarzenegger's May budget relies on about $3.4 billion in federal dollars. Democrats say that money could increase if and when Schwarzenegger's proposal to eliminate the state's welfare-to-work program, CalWORKS, is rejected. Budget negotiators on all sides concede a complete elimination of CalWORKS is unlikely.

Democrats are using revenue figures provided by the legislative analyst instead of those given by the governor's Department of Finance. The LAO revenues are about $1.4 billion higher than the administration's numbers. Again, Republicans have refused to acknowledge any piecemeal portion of the budget is settled, but Democratic proposals rely on more favorable revenue figures to help shrink the budget gap.

Budgets have become more than just spending plans. They've become crucibles for new phrases in the lexicon of California political insiders. This year, the Schwarzenegger administration introduced the notion o f "alternative funding," which they say will make up $1.3 billion. Included in these proposals is moving $350 million from redevelopment agencies to pay for trial courts and a $160 million fee on hospitals.

Schwarzenegger has also called for $2.1 billion in other fund shifts from various pots of money into the state's general fund. Among these proposals is a $650 million loan of excise taxes on gasoline.

While Democrats may differ over the details of the borrowing proposals and other budget fund shifts, they are counting on a similar dollar figure - about $3.4 billion - in such maneuvering to free up general fund revenues.

At the end of all of this, the fundamental disagreement between Democrats and Republicans remains.

Both Steinberg and Assembly Speaker John Pérez want to see tax increases as part of the final budget deal. Steinberg and Pérez have both embraced a revenue package that includes delaying more than $2 billion in corporate tax breaks. Steinberg has also put forward a plan to delay a scheduled rollback in the state's personal income tax rate. The income tax, which is set to go down on Jan. 1, 2011, is worth about $1.5 billion to the state over the first six months of 2011.

Pérez and Steinberg have also embraced the concept of a tax on oil production, which could be worth about $1 billion annually. Another option being discussed is a 1/4-cent hike in sales tax which Democrats think can be done without Republican votes through a mechanism being called the "single flip."

Republicans, meanwhile, want to see deeper cuts in state spending. They are unlikely to support any plan that does not contain at least some of the $12 billion in cuts proposed by Schwarzenegger.

For-Profit Colleges, Under Fire From Regulators, Face a New Foe: Short-Sellers

July 14, 2010

U.S. Senate Committee on Health, Education, Labor, and Pensions

Steven Eisman, who manages a hedge fund, says short-sellers should continue to identify weaknesses in the for-profit higher-education industry.

By Paul Fain

Wall Street has made a bundle on the rapid growth of for-profit higher education. But some sophisticated money managers are now betting against those companies in the stock market, and the influence of big money and related questionable behavior is clouding a debate about the industry on Capitol Hill.

Last week, *ProPublica* reported that an unnamed investment company paid a researcher to draft a letter to the Department of Education about for-profit recruiters targeting potential students at homeless shelters. The researcher, who solicited signatures from officials at 20 homeless shelters, some of whom had no direct knowledge of for-profit recruiting, later admitted she was working for a short-seller who has a stake in a drop in value of the for-profits' stocks.

The whole for-profit-college sector earned $26-billion in revenue last year, and the industry's earnings have made it a darling of Wall Street. Investors pay rapt attention to news reports and rumors about for-profit companies, which are facing possible new federal regulations. And ironically, investor money—the free market that helped fuel the sector's emergence—is also the motivator behind some of its loudest critics.

In addition to the investment company behind the homeless-recruiting letter, two other prominent short-sellers have actively lobbied the federal government to crack down on for-profit colleges. The money managers are relatively new players in the high-stakes policy debate. And the Career College Association says short-sellers have engaged in a systematic campaign to discredit its industry.

For-profit colleges have their own vested interest in the fight over regulations and have gone on a recent spending frenzy on lawyers and lobbyists. With so much money tainting the continuing debate, several college-finance experts say lawmakers should not rely on facts and figures about for-profits that come from short-sellers or the industry itself.

Mark Kantrowitz, who runs Finaid, a Web site that provides student financial-aid information, said policy decisions should be based on information from the Government Accountability Office or another unbiased source. "What you need are facts that are raw, not slanted," he says.

Battleground Stocks

Steven Eisman, a hedge fund manager, made a splash with his testimony at a high-profile hearing in the U.S. Senate last month on for-profits. Mr. Eisman had famously bet against the housing market, and at the hearing he compared the growth and practices of career colleges to those of the subprime mortgage industry.

The share prices of major for-profit companies took a hit after Mr. Eisman's June 24 testimony, as they did after a similar speech he gave at an investors' conference in May. Shares of ITT Educational Services, for example, fell 4.5 percent after the hearing, and Apollo Inc., which owns the University of Phoenix, dropped 3.7 percent.

Those were hardly isolated events. Hedge funds have driven much of the volatility in for-profits stocks, with many dumping their holdings or selling short in recent months. And Trace A. Urdan, an analyst with Signal Hill Capital Group, said Wall Street firms use "leaks and access" in Washington to angle for their interests. Employees of investment companies have been regular fixtures on the Hill in recent weeks.

"This feels like some weird distillation of insider trading," said Mr. Urdan, whose group helps education companies raise capital, and who advises investors on buying and selling education stocks.

Mr. Eisman's testimony was controversial even before he sat in front of the microphone. But scrutiny of his role has increased in the wake of the *ProPublica* report. In an interview with *The Chronicle,* Mr. Eisman said he had no involvement with the researcher who created the homeless-recruiting letter. "That was not me," he said.

During the hearing, Mr. Eisman acknowledged that he had a financial stake in the industry's fortunes.

"I have been completely transparent about how I short those stocks," he said Tuesday. "I wasn't trying to manipulate anybody."

Sen. Tom Harkin, an Iowa Democrat, brought Mr. Eisman to the Hill. A senior Republican aide called that invitation "an appalling lack of judgment." And while the aide said senators on both sides of the aisle were concerned about how for-profits operate, Mr. Eisman "wasn't there as a dispassionate truth-teller, he was there to make a quick buck."

An aide in Senator Harkin's office defended the invitation, saying that Mr. Eisman's testimony advanced the public's interest. The aide also said that Mr. Eisman is a "well-respected analyst with a track record for making unpopular, but correct, observations about American industries."

The senator continues to cite Mr. Eisman's arguments. In an op-ed published in Tuesday's *Los Angeles Times,* Senator Harkin quotes the hedge-fund manager and uses his widely cited claim that students enrolled in for-profit colleges could default on as much as $275-billion in federal loans over the next decade.

The Profit Motive

There is a surreal quality to for-profits criticizing the financial motivations of short-sellers; the quest for profits is a defining characteristic of the for-profit industry.

The difference between short-sellers and legitimate critics of the practices of some for-profit colleges, said Harris N. Miller, president of the Career College Association, is that for the money managers, "it's in their best interest to distort and mislead."

Mr. Miller. who wrote a 13-page rebuttal to Mr. Eisman's testimony, said facts often do not back the claims of Mr. Eisman and other short-sellers, like Manuel P. Asensio, who, through the Alliance for Economic Stability, a nonprofit advocacy group he manages, has called for stronger regulations of for-profit colleges.

Mr. Kantrowitz agrees that Mr. Eisman got some of his numbers wrong and used common techniques to overemphasize data that portray for-profits in a negative light. For example, he said the $275-billion loan-default figure is way off, with a realistic estimate being well under $100-billion.

"There are enough genuine problems with for-profit colleges that there should be no need to exaggerate," said Mr. Kantrowitz.

However, Mr. Kantrowitz said, Wall Street's unhealthy influence over the current policy debate is "one of the consequences of having colleges that are publicly traded."

For his part, Mr. Eisman said short-sellers should continue to play a valuable role in calling out what he says is an overvalued and often corrupt sector. And he said more lawmakers are now aware of the problems with for-profits. "The industry has been weakened."

If Mr. Eisman's prediction of a continued decline in for-profit stocks is correct, his clients will enjoy even bigger returns. And in an ironic twist, those clients include members of the nonprofit side of higher education: Several university endowments invest with Mr. Eisman's hedge fund.

Does the Messenger Matter?

July 15, 2010

WASHINGTON – Sen. Tom Harkin (D-Iowa) began what many foes of for-profit higher education consider long-overdue Congressional scrutiny of the sector here late last month with a hearing questioning the business model, student value proposition and role of federal funding at for-profit colleges.

But some of the loudest shouting surrounding Harkin's inquiry as chairman of the Senate Health, Education, Labor and Pensions Committee is not about any of those substantive issues. Rather, it's about Harkin's decision to include Steven Eisman -- an investor who has bet that higher education stocks will tumble in the coming months -- on the panel of witnesses at the hearing and in the senator's attempts to line up support for a stringent examination of for-profit higher education.

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In a statement, Harkin said he has relied on Eisman because "he is a well respected analyst with a track record of making unpopular, but correct, observations about American industries."

Either directly or indirectly, Eisman and other short sellers -- people who make investments betting that a certain stock price will fall -- have been lobbying Congress and U.S. Department of Education officials for months, seeking out greater regulation while not necessarily being being transparent about their financial interests. Some are also said to be behind news stories and whistleblower lawsuits against the sector with the idea that bad publicity -- and tougher federal regulation -- will drive down higher education stock prices and help short sellers rake in profits.

In at least one instance, reported last week by ProPublica, a woman working for an investment firm sought out signatures of homeless shelter workers for a letter to Education Secretary Arne Duncan that decried for-profit colleges' alleged recruiting of homeless students. The signatories said they didn't know that the woman worked for an investment firm and most said they had no firsthand knowledge of recruiting in homeless shelters. The woman has not revealed who she was working for, though Eisman denies she worked for him.

In response to an inquiry from *Inside Higher Ed* about short sellers' involvement in getting policy makers to scrutinize the sector, Harkin said in a statement Wednesday that "[g]iven the tremendous profit margins of for-profit schools, financed largely with taxpayer dollars, many investors are interested in for profit colleges." He did not address allegations that short sellers have been lobbying Congress and the Education Department without disclosing their financial interests in greater regulation.

Some supporters of greater scrutiny of for-profit higher education see questions about who delivers critiques of the sector as a distraction. If the information short sellers are providing is verifiable and supports the thesis that the sector is taking advantage of students and taxpayers, that is what that matters.

The Role of Short Sellers

In late May, Eisman told a group of investors that for-profit higher education was “as socially destructive and morally bankrupt as the subprime mortgage industry,” making it an ideal candidate to short.

Investors were listening -- stock prices fell and shorts of the industry rose -- and so were Harkin and his staff. Two weeks later, Harkin announced the June hearing and plans for several more in the coming months. When the witness list was released a few days before the hearing, Eisman was on it, along with the Education Department’s inspector general; a former prosecutor; a student who believed she was wronged by the for-profit college she attended; and an executive from one of the largest publicly traded higher education companies.

Eisman is profiled by Michael Lewis in *The Big Short*, a book about short sellers’ success in betting against the mortgage market just as it began to implode. The book was released last year and has been reported to have reached the desks of many members of Congress and staffers. Prominent Senate Democrats including Majority Leader Harry Reid, of Nevada; Dick Durbin, of Illinois; and Christopher Dodd, of Connecticut, have talked up the book.

So, too, has Harkin, in explaining why he’s willing to listen closely to what Eisman says he sees happening in for-profit higher education. Though Eisman stands to make financial gains because of the HELP committee’s attention to the sector, “the test for any committee ought to be whether hearing testimony might advance the public interest regardless of whether it might also be consistent with or even advance a witness's private interest,” Harkin said. “By that test, we are comfortable with Mr. Eisman's testimony.”

Harkin’s first question to Eisman at the hearing was, “Do you have a financial stake in the success or failure of for-profit education companies?” Eisman’s answer was yes, but neither Harkin nor anyone else on the committee followed up to ask which companies he was shorting at the time or had shorted in the past. In an op-ed first published Tuesday in the *Los Angeles Times*, Harkin identified Eisman simply as a "Wall Street money manager." Though published after ProPublica's story critical of short sellers' role in the for-profit debate, the op-ed did not mention the increasingly questioned role of short sellers in the debate.

Tom Matzzie, leader of Accountable America, a group that says it "works to stop the outrageous policies of right-wing and special interests in Washington," argued, in a column published soon after the hearing ended, that the "hearing plays into Eisman's strategy of creating a giant circus about higher education companies." He added: "The bigger the circus, the lower the stock price and the more money Eisman makes. The U.S. Senate shouldn't have a leading role in a Wall Street investor's 'gambling' -- especially a short-seller."

In a column published before the hearing in The Hill, Lanny Davis, who served as White House counsel during the Clinton administration, called for "full disclosure and transparency by short-seller critics" of for-profit higher education.

Citizens for Responsibility and Ethics in Washington, a nonpartisan government watchdog group founded and led by former Democratic staffers, has also voiced alarm. "So many of those advocating for regulation seem to have a financial interest," said Melanie Sloan, the group's executive director. "It shakes your faith that the problems they're identifying are real."

The critiques coming from Matzzie, Davis and CREW have not dug into the substantive claims that Eisman and other short sellers -- along with many others, from nonprofit higher education groups and the U.S. Department of Education -- have made against the sector. Instead, they create a distraction that advocates for for-profit colleges are happy to fuel. (Barmak Nassirian, associate executive director of the American Association of Collegiate Registrars and Admissions Officer, called it a "red herring.")

Harris Miller, president of the Career College Association, has attacked Eisman and other short sellers early and often. Eisman, he said in a statement just after Harkin's office released the list of panelists for the hearing, was "a Wall Street short seller born with a silver spoon in his mouth, who got his first big paycheck the old-fashioned way, through his parents."

The day before the hearing, Miller held an hour-long press conference at the National Press Club. "When among the stakeholders are a population of working adults and lower-income students, many pursuing higher education for the first time in order to achieve better lives for themselves and their families and benefiting our country's economy, particular care should be given to the line between vigilance and vitriol," he said. "For whatever reason, Mr. Eisman not only crossed it, he ignored it altogether."

In a conversation with *Inside Higher Ed* just after the hearing and again in a conference call for reporters that afternoon, Miller continued to focus the lion's share of his response to the hearing on short sellers and their assault on institutions that largely serve low-income adult students.

Since then, Miller has continued to rail against short sellers. “They have a strange role in that there’s no downside to them just making stuff up,” he said this week. “They have no concern about whether they have credibility in Washington. I have a reputation to defend, someone from the Department of Education, they have a reputation to defend. But someone who’s a short seller is only thinking about the profit from what Washington does and is intentionally misleading.”

Support for Harkin

Manuel P. Asensio is New York-based short seller. He is also president of a nonprofit group called Alliance for Economic Stability – formed in December 2009 – that has chosen as one of its few advocacy issues the regulation of for-profit higher education. Since April, the group has sent five letters to members of Congress and Education Department officials, calling for greater regulation of the sector. Its positions are undoubtedly influenced by Asensio’s investment research.

In an interview this week, he defended Harkin’s reliance on Eisman’s research and testimony. “Who else is Harkin supposed to have on the panel? Unfortunately, no one has the resources other than those people who have the profit incentive to expose the fraud. Those are the short sellers.”

Asensio said that while financial interests lay behind Eisman’s testimony, so too did they for another panelist at the hearing, Sharon Thomas Parrott, senior vice president of government and regulatory affairs and chief compliance officer at DeVry, Inc. “Here’s someone who is profiting from the fraud and the regulatory deficiency,” he said. Meanwhile, short sellers are hoping to profit by identifying that deficiency and betting that policy makers will ultimately enact regulations that eliminate the deficiency.

Pauline Abernathy, vice president of the Institute for College Access and Success, made the same argument about the financial interests of Eisman and Thomas Parrott in an interview the day before the hearing. “Eisman’s being transparent in his financial interests,” she said. “People can evaluate what he has to say and at least take in the facts.”

A longtime critic of for-profit higher education, Nassirian said the involvement of short sellers is only problematic if they are not transparent about their financial interests. “So long as the producers of any research or any policy recommendations clearly indicate what they are and what their interests might be,” he said, short sellers have a place in the debate.

What’s significant, then, is not who discovers and draws attention to instances of waste, fraud and abuse, but that those issues have been identified and are getting attention, Nassirian said. The whistleblower’s financial interests don’t change the fact that the whistle has been blown. “I couldn’t care less what their motivations may be,” he said. “I judge them on the basis of what they say, the veracity of the case they make.”

— **Jennifer Epstein**

California's budget deficit compares poorly to other states

June 23, 2010

Nearly every state in the nation faces a budget deficit this year. California's $19.1 billion budget deficit is equivalent to roughly 1 percent of its annual gross state product, a higher rate than all but two of the 15 largest states in America. Gross State Product is the total value of all goods and services produced within the state in a year.

State 2011 budget deficits as a percentage of annual gross state product:

Notes: Gross state product taken from 2008 estimates from the U.S. Bureau of Economic Analysis. Since the economy has deteriorated in most places since then, the above chart likely underestimates debt-to-GSP by a small amount. Texas has a two-year budget deficit of $18 billion; this chart splits that in half. Ohio has a projected $8 billion deficit in 2012; Arizona has a projected $2.6 billion deficit that year. Source for budget figures are news reports and State Budget Solutions.

Lawmakers in New York and Illinois Leave Higher Education in Limbo

By Eric Kelderman

Fiscal conditions are bad for public colleges nearly everywhere, but lawmakers in Illinois and New York have put state universities in particularly difficult spots in recent weeks.

In Illinois, as many as six of the state's nine public universities are considering borrowing money just to cover a portion of the $464-million in appropriations left unpaid at the end of the 2010 fiscal year. Though the state promises to repay that amount by the end of the calendar year, the institutions may have to pay for the interest on the funds they borrow and could find themselves in the same situation a year from now if the state's economy does not improve. Some universities are already planning for more cost-cutting, including furloughs and possible layoffs, if the state doesn't meet its obligations.

In New York, leaders of the state and city public-university systems are anxiously waiting to see if legislators will grant them some operating freedom to help deal with major budget cuts. Three months after the start of that state's fiscal year, lawmakers have yet to finalize all of the legislation for the state's budget and remain hung up on measures that would allow some campuses to set higher tuition, lease land, and enter into public-private partnerships.

Borrowing Time and Money

Guiding a state university through the Illinois budget crisis would test any administrator. But the decisions facing some colleges there will be especially difficult this fall.

Although the state passed a budget on time, it is still expecting tax revenues to fall some $13-billion short of what is needed to pay its bills for the fiscal year that began July 1, including nearly $5-billion owed to state agencies for the previous budget. And lawmakers have yet to find a way to cover those overdue bills and future obligations, with legislators opposing a proposed income-tax increase and, so far, a plan to borrow $3.7-billion. Instead, they have authorized public universities to borrow up to 75 percent of what they are owed by the state—amounts ranging from nearly $5.5-million for Chicago State University to more than $277-million for the University of Illinois system.

Administrators will have to decide by the end of August whether they will need to borrow money to make payroll and cover other expenses later in the fall. Several of the state's universities have either sought approval from their boards of trustees to borrow those amounts or indicated that they are considering it, says Michael S. Baumgartner, executive deputy director of the state's Board of Higher Education.

But the state has not been consistent in its payments the past two years, and college administrators are concerned that if they borrow money, the state might not come through.

Southern Illinois University may have the toughest decisions among the Illinois colleges. The state still owes the system $85-million, or 36 percent of its state appropriation.

"This is a difficult situation for us," says Glenn Poshard, president of Southern Illinois University at Carbondale. "We are told that we will not get that final payment until the end of December, and then maybe not the full amount."

He expects that the latest infusion from the state will carry the university through mid-October. At that point, the university may need to rely on borrowed money.

When talking about SIU's predicament, Mr. Poshard says, he does not want to mention the word "closure," because that might make people panic. But the university could have real trouble paying its bills this fall.

"I have asked the chancellors to put a furlough and layoff plan in place, and we will probably have to enact that later in the summer or early in the fall," he says. "That may be the only way we can get through this now."

Western Illinois University will have to borrow $14-million just to make payroll in August. The university is owed about $17-million from the state, close to 30 percent of its 2010 appropriation.

"It's not something that we want to do," says Alvin Goldfarb, president of Western Illinois, "but we don't have much choice."

Daniel J. Hurley, director of state relations and policy analysis for the American Association of State Colleges and Universities, says the situation in Illinois is frustrating to campus leaders.

Administrators "have to deliver on their missions on a daily and weekly basis," Mr. Hurley says. "To have this huge revenue source continually in flux makes planning remarkably difficult."

In addition, he warned that continually delaying payments to state agencies could further erode the state's bond rating, which has already been downgraded by several rating agencies in recent months due, largely, to Illinois' unfunded pension liability. The lower bond rating means that the universities, and the state overall, could have to pay a much higher cost for their loans, since even small changes in interest rates can add up to millions of dollars on large debts.

Hoping for Financial Stability

In New York, the fiscal year began on April 1, but leaders of the state and city university systems are still waiting for lawmakers to finalize the budget, and hoping for a package of policy changes they say will help them be more efficient with their state dollars and earn more money from other sources.

At the request of the university systems, Gov. David A. Paterson introduced a package of regulatory changes in January as part of his initial budget proposal, including giving public colleges more tuition authority, reducing state oversight of some purchasing and construction rules, and allowing a wider range of business partnerships.

"Currently, Albany micromanages everything from the chalk campuses purchase to the cost of tuition that students pay. This burdensome overregulation threatens the ability of our public higher education systems to promote economic development and successfully adapt to changing educational and fiscal circumstances," Gov. Paterson said at a January event announcing the proposal.

Nancy L. Zimpher, chancellor of the State University of New York, has championed the measures as a way to gain some financial stability for the system without asking for more state appropriations.

In recent weeks, lawmakers passed the bill setting amounts the state is authorized to spend for the budget year, and handing the university system a $210-million cut. But legislators have not completed the final piece of budget legislation, referred to as the revenue bill, that university leaders say is their final chance to enact the policy reforms they are seeking.

The state Assembly passed a revenue bill without including any of the higher-education regulatory changes. But a handful of state senators are holding up that chamber's version of the legislation to try to force their colleagues to include the measures.

John B. Simpson, president of the State University of New York at Buffalo, one of the system's top research institutions, says that the $18-million cut in his institution's budget is bad enough. But many lawmakers are refusing to give the universities the tools they need, such as greater flexibility to set and keep tuition, to deal with the drastic reductions in state money.

"If we knew that we would have more control over tuition in the future, we would have a better idea of how to plan," he says. "The university is a long-term proposition—not a year-to-year deal like the state budget."

Scott Carlson contributed to this article

As the Crow Flies

July 16, 2010
Arizona State University has serious problems, and that's just the way Michael Crow wants it.

Since Crow was named president of Arizona State eight years ago, the university has increasingly organized itself with an eye toward attacking some of the world's greatest challenges. Rather than divide an institution into academic departments – those are just "social constructs," he'd argue – Crow has pushed for new cross-disciplinary organizational structures that are defined by the problems faculty seek to solve – reforming K-12 education, for instance – rather than the disciplines of those who will try to solve them.

"The standard rigid model is ossified," Crow says with something approaching disdain.

The "rigid" structures that have come to define academe are targets for Crow, a much-watched university president who sounds as if he'd like to take a sledgehammer to the kinds of colleges and schools that exist at most institutions across the country, including, for the most part, Arizona State.

Crow's philosophy is playing out across the four campuses that comprise Arizona State, where nine traditional engineering departments were recently combined into five schools. The new groupings include the School for Engineering of Matter, Transport and Energy, which gobbled up the departments of aerospace, chemical, materials science and mechanical engineering. In so combining the disciplines, Arizona State officials argue they are forcing faculty out of silos and making them work together for the greater good. They concede, however, that there's still not much evidence to suggest whether Arizona State is really transforming or merely rebranding.

"I think it's a very valid question," says Paul Johnson, executive dean of the Ira A. Fulton Schools of Engineering. "And for somebody who wants the hard data and the objective study of whether we really did something different, we're probably a couple of years away from that."

Other manifestations of Crow's approach can be found in the School of Evolution and Social Change, which replaced the university's anthropology department with an expanded home for mathematicians, political scientists, geographers and sociologists who are trying – to quote the school's stated mission – "to discover not only who we were but where we are going and how we may alter our destiny." The grand rhetoric that defines the School of Evolution and Social Change is mirrored in other new schools that have emerged during Crow's tenure. The School of Earth and Space Exploration, for instance, describes itself as "dedicated to expanding the frontiers of knowledge through the exploration of Earth, space, matter, time and life."

The Crow years have been so transformative that the university's chief research officer describes the time that predated Crow's tenure as "the BC era" (Before Crow).

"Sometimes you feel people have rhetoric but there isn't substance to it," says Sethuraman (Panch) Panchanathan, deputy vice president of the university's office of knowledge enterprise development. “I was amazed by [Crow’s] intellect, his passion, and it was very clear to me he meant what he said.”

While “the jury is still out” on whether Arizona State’s approach will pay off, Panchanathan already sees some positive signs. He notes, for instance, that the university’s research expenditures have tripled under Crow, growing from about $120 million in 2001 to $370 million in 2010.

In an era when many research universities saw huge gains, however, those figures still pale in comparison to the types of expenditures churned out by the nation’s foremost research workhorses, which are often presumed to be the institutions best poised to really solve the world’s most vexing problems. In a 2008 ranking of the top-20 universities by research expenditures, none fell below $580 million, the National Science Foundation reported.

Approach Not Without Risk

If Arizona State’s model is to gain acceptance or adoration, there are plenty of questions left to answer. Does renaming departments and organizing around cross-disciplinary problems really produce better research or better students? Can a broadened curriculum be designed without skimping on depth? Can professors from different disciplines agree on expectations for a tenure candidate whose scholarship combines elements as various as computer science and dance?

Charles Vest, president of the National Academy of Engineering, says the questions surrounding Arizona State’s approach are numerous and may be unanswered for some time. While the ideas are interesting, “It is an experiment,” he says. “There’s nothing that guarantees it’s going to work.”

“I think they’re very idealistic, and they’re trying to make a radical shift, and they know it,” says Vest, former president of the Massachusetts Institute of Technology (MIT). “They see [this approach] as a path to leapfrog, but it’s an experiment and it’s got a big risk.”

The risk, Vest says, is that Arizona State will invest a lot of time, money and energy turning the academy on its head without producing tangible results, such as better research and the improved employability of students who are necessarily coming out of an experimental program. That said, the changes aren’t being dismissed as mere rebranding, Vest says.

“I have not heard people talk about smoke and mirrors, and I think the reason is they’ve attracted enough clearly substantive people,” he says. “Does everybody assume this is the future and they’re going to be ahead of everybody else? No, I don’t think so.”

In pursuit of "substantive people," the university has mined traditional academic powerhouses to find leaders for its new programs. Kip Hodges, for instance, left MIT in 2006 to become the founding director of the School of Earth and Space Exploration.

While Crow often defines Arizona State against traditional colleges – we don't all have to be the same way, he often argues – Hodges says it's not inconsistent that the university's contrarian president still recruits talent from institutions that fit traditional standards of academic excellence.

"It would be a better or more sustainable position, let's say, to say that we don't need the imprimatur, the blessing of those people at the other [traditionally elite research] universities," Hodges says. "But what Michael's trying to do – and everybody at the university is not Michael, of course – but what Michael is trying to say is you can play with the big boys and you can attract people from the big boys by doing things in a different way."

Hodges, who spent 23 years at MIT as a professor of earth, atmospheric and planetary sciences, says he struggled while there to bring scientists and engineers together in meaningful ways. He saw an opening, however, to do just that at Arizona State in a new school specifically designed for such collaboration. Indeed, Hodges came on with none-too-uncertain orders to recruit faculty – lots of them – from multiple disciplines, including astrophysics, cosmology, earth and space education, earth system science, planetary science and systems engineering.

"I thought it was a really radically new way to look at things, and I was convinced enough of that that I drank the Kool-Aid and came to ASU at that point," he says.

The very fact that Arizona State lacks the elite status of a place like MIT may actually be an advantage when trying to do something different, Hodges says.

"Turning a big successful university like MIT is a little like turning the Queen Mary," he says. "It's very difficult to get people to play in that possibility space."

That's not to say, however, that a lot of universities of varying size and research status don't encourage cross-disciplinary research, often through the establishment of centers and institutes. Indeed, it's hard to find one that doesn't. What's different about Arizona State, however, is the degree to which the university has embraced the notion that new organizational structures may be necessary to break down silos. Students and faculty at many institutions, for instance, would likely scoff at the idea that departments needed to be killed off to encourage professors to work together.

Pamela Matson, dean of Stanford University's School of Earth Sciences, says she's been impressed by the manner in which Arizona State has gone all-in on a systematic restructuring in service to transdisciplinary research and teaching.

"They are going after this at a scale and rate that is beyond what most universities are doing, and that's partly because they have the leadership of the university president," says Matson, who is on an advisory board for Arizona State's Global Institute of Sustainability.

While Matson sees innovation at Arizona State, she's not ready to anoint the university as the lone trailblazer in a pack of otherwise stagnant institutions. In the area of sustainability, for instance, Matson counts Stanford, the University of Minnesota and the University of California at Berkeley as other truly innovative institutions that have harnessed the talents of faculty from disparate disciplines in pursuit of common goals.

“[Arizona State has] gone further out probably than other universities in sort of challenging the structure of the university to do this,” says Matson, a professor of environmental studies at Stanford and a senior fellow in the Woods Institute for the Environment. “On the other hand, I think there are a lot of ways of doing this that might have the same levels of success.”

Crow was viewed by many as an innovator before he ever came on the scene at Arizona State, but his lofty ideas have historically had mixed success. As executive vice provost of Columbia University, Crow played an instrumental role in ushering in a much-ballyhooed project called Fathom. The for-profit online learning platform, which was designed to sell Columbia faculty lectures to the public, cost the university millions before financial difficulties proved its undoing. Crow was also a key supporter of "Biosphere 2," a giant Columbia-supported terrarium that became the butt of jokes and even inspired a Pauly Shore movie. The university abandoned its involvement with the project in 2003.

Humanities Find Place in Mix

When Crow waxes philosophical about Arizona State's grand plans, he often expresses a desire to "make the sciences less boring." To that end, Crow's stump speech is often more about going to space or building cool stuff to save the world than it is about the mechanics behind it. This reporter, for instance, has never heard him mention calculus. That said, the sciences in general are often front and center for Crow, raising another question: Where do the humanities fit into this experiment?

To hear it from faculty, the humanities actually fit pretty well within Crow's vision. The university's Department of English -- yes, it's still a "department" -- is hiring faculty and reducing student/faculty ratios. There's also a recently developed School of Historical, Philosophical and Religious Studies that aims to "mold global citizens with democratic values."

If the humanities aren't always on the tip of Crow's tongue, it doesn't mean they don't have a place in his heart, says Sally L. Kitch, founding director of the Institute for Humanities Research.

"No, I don't think he does [talk about the humanities as much]. Can he be reminded? Yes," says Kitch, a professor of women and gender studies. "I see a lot of my role [as keeping] the humanities in his purview. But I think his juices got flowing around what he sees in the sciences, and he continues to see that more easily."

Neal A. Lester, chair of the Department of English, agrees that his department has not been left behind while the sciences are growing. That said, he is sensitive to the frequent proclamation that departments are, by their very nature, fossils of a bygone era. That kind of thinking fails to capture that English professors have long worked across disciplines, well before schools became the hot trend in Arizona, Lester says. Indeed, Lester says he recalls once telling an administrator his concerns about quotations in a local news story that seemed to imply the schools were "more progressive" than the rest of the campus.

"I'm hoping people aren't perceiving that schools are something more cutting-edge than a department," Lester says.

Finances a Motivation, Too

For all of the talk about a collective mission at Arizona State, there's no doubt that budget cuts have a place in conversations about combining or eliminating departments. The university's state budget has been cut by about $105 million or 20 percent since 2008. While tenure and tenure-track faculty positions have been protected, the university has eliminated 1,210 positions, of which 713 were layoffs.

Richard Stanley, senior vice president and university planner, says the reorganizations have led to hundreds of positions being eliminated. Multiple administrative units that once governed history, religious studies, philosophy and three colleges of education, to name a few examples, have been crammed into single interdisciplinary units with fewer staff, he says. That said, Stanley and others argue that finances weren't the core motivation for most of the reorganizations.

"We haven't put together any units that don't make sense just for finding administrative savings," he says.

Many of the new units, however, are counting on growing -- not just sustaining their numbers. Stanley says hiring will continue, even if it happens at a slower pace than administrators envisioned years ago.

Tenure Criteria Being Hammered Out

Even for those who have embraced Arizona State’s emphasis on breaking down traditional departmental structures and reorganizing in ways that promote interdisciplinary problem solving, there are still plenty of practical hurdles left to cross. If the focus of the institution is changing, should not the criteria for tenure as well? That’s become an increasingly perplexing question across the university, and there’s still considerable debate about how to best address it.

“It’s been the most difficult part of my job to make that work effectively,” Hodges says.

As would be expected, professors from varied disciplines bring different expertise and different expectations to a tenure debate. The School of Earth and Space Exploration is home to both earth scientists and astrophysicists, and “there are real culture differences between those two,” Hodges says.

While earth scientists might complete one postdoctoral position for two years before landing a junior faculty position, astrophysicists often do two or three "postdocs" before they reach the same point on the faculty ladder. Consequently, an astrophysicist is likely to have a much longer record of publications than someone coming out of earth science. In a truly interdisciplinary school, however, professors from both disciplines would naturally evaluate each other for the awarding of tenure. Helping professors understand and respect the differing expectations of foreign disciplines remains a work in progress, as does reaching common ground on how those differences should inform scholarly expectations for the awarding of tenure, Hodges says.

"It's a difficult cultural shift with some people, I am sure," he says. "I don't mean to imply that every single faculty member we have has no problem with this brave new world. They are skeptical, and they have a long history of academia that's on their side."

That long history also includes a mutual understanding of what departments and disciplines mean. So what happens when those boundaries disappear? Will a graduate of a nebulous new program be able to convince more traditional colleagues that he has the chops to hang with the best and brightest in his field? Johnson concedes that some faculty starting their careers in the Fulton Schools of Engineering are asking that very question.

"What I have heard is some of the junior faculty will talk to their adviser at another school who will say 'I don't know what's going on because you no longer are part of an identifiable structure,' " Johnson says. "The fact that we don't have something called a chemical engineering department, someone might say 'It must not be important there.' "

But doing away with departments has not meant doing away with degrees. The Fulton Schools still offer all of the ABET-accredited programs they did before reorganizing, because "We felt that it was important for our engineering graduates to have identities and qualit[ies] that are recognized by employers," Johnson wrote in an e-mail. What has changed, however, is an increasing emphasis on creating new "concentrations" within the traditional degree programs. A student working toward a civil engineering degree, for instance, might now also have a concentration in "sustainable engineering."

A hallmark of the new approach in engineering is developing curriculums that will encourage students and faculty to help confront a series of "grand challenges" laid out by the National Academy of Engineering. Those challenges include, among others, making solar energy more economical and providing access to clean water.

The approach in engineering is mirrored in the Mary Lou Fulton Teachers College, which is working to establish itself as a force for improving teacher preparedness. That mission has been buoyed by a nearly $19 million gift from T. Denny Sanford, a South Dakota philanthropist and University of Minnesota alumnus. Sanford's donation created a partnership between Arizona State and Teach for America, which recruits recent college graduates to teach in urban schools for a minimum of two years.

“TFA makes teaching a profession of choice, and that’s exactly what it should be,” says Mari Koerner, the college’s dean. “Our motto should be, 'If you can’t get into teaching, become a lawyer.' ”

The partnership with TFA, however, may highlight one of the vulnerabilities to Arizona State’s stated desire to solve complex problems: There may be more than one way to solve them. While TFA is not without fervent supporters, critics have charged that it infuses city schools with inexperienced teachers, who work for only a short time at entry-level salaries – squeezing out their more experienced counterparts. TFA officials and school administrators who hire TFA alumni dispute that characterization, but its critics persist.

“TFA isn’t telling us what to do and they’re not going to dictate our academic program,” Koerner says. “I think one of the reasons faculty have not rebelled against this is that we are looking together at how this makes sense for our college. Nothing will be prescribed.”

If faculty are increasingly receptive to new directions – Koerner’s college has been reorganized twice in the last year – it’s no doubt attributable in part to the fact that a critical mass of new professors have come into the institution knowing full well that Arizona State is trying to be a different kind of place. In other words, Crow is building an army of believers one professor at a time, and boy, is he hiring. Indeed, the university raised about $59 million for faculty hiring during Crow’s first seven years as president.

“People are attracted to ASU because they want to do this kind of work,” Koerner says. “I don’t think we’d tap someone on the shoulder and say ‘You know, I think you’re not relevant anymore.’ I think if someone felt irrelevant they would probably leave.”

Those who have bought into Crow’s vision are a special lot, Koerner says, willing to work in a place where they know things could change drastically at a moment’s notice.

“Having an opportunity to define this place is pretty seductive for a lot of people; it is for me,” she says. “What do you have to give up? This is a pretty dynamic place; you have to be able to live with ambiguity.”

— Jack Stripling

Schwarzenegger's minimum-wage fight enrages state workers

By Kevin Yamamura and Jon Ortiz
kyamamura@sacbee.com
Published: Sunday, Jul. 18, 2010 - 12:00 am | Page 1A

Five years ago, the state correctional officers' union paraded a mobile billboard around the Capitol bearing an unflattering picture of Gov. Arnold Schwarzenegger in his bathing suit.

That demonstration seems mild compared to the frustration state employees feel this year toward the Republican governor. Schwarzenegger has incurred the wrath of rank-and-file employees through efforts to reduce pay and benefits, particularly his latest push to impose minimum wage.

Schwarzenegger was heckled by fairgoers when he toured the State Fair this week. His office has received a flood of e-mails critical of his actions toward state workers, some so colorful they were reviewed by the California Highway Patrol.

"He's the wrong captain on the wrong boat in a bad storm," said Kevin Menager, a Franchise Tax Board employee for roughly 20 years.

Schwarzenegger insists his moves have been dictated by a historic recession and budget crisis, not antipathy.

"When it comes to state employees, let me make one thing clear, that I appreciate very much the hard work that state employees do," he said in January as he unveiled a budget that would cut worker pay by at least 10 percent. "But at the same time, we have had a drop because of the economic crisis worldwide. … People had to take reductions in their salaries and all of those things and so the public sector also has to take a haircut."

In the past two years, Schwarzenegger has imposed furloughs, sought pay reductions and threatened layoffs for state employees. This month, he demanded that Controller John Chiang pay workers minimum wage until a budget is passed. For now, a court has blocked that effort, pending further legal action next month.

The governor says he is seeking minimum wage for state workers as a matter of law. Without a budget, he says, the state should not pay its workers above minimum wage, based on a 2003 court ruling.

With state leaders a long way from resolving a $19.1 billion deficit, the governor's order also serves as leverage in budget talks. Minimum-wage pay could lead to enough outcry to force lawmakers to compromise, particularly Democrats aligned with state employee unions.

It is difficult to assess Schwarzenegger's standing specifically among state employees, but his approval rating among all voters plummeted to a personal low of 22 percent in the latest Field Poll.

Voters are frustrated with perpetual state budget problems and the state of the economy. State workers have extra reasons of their own.

Schwarzenegger's office has received more than 1,000 e-mails in the first half of July on the minimum-wage order, most in opposition, according to spokesman Aaron McLear. The governor received only about 150 to 200 such e-mails in May and June combined.

"He has a responsibility to manage the state's finances and deal with the situation that the state is facing," said Schwarzenegger adviser Adam Mendelsohn, "but by no means is this something he wants to do."

State employees say the governor has other motivations.

"It's almost like an ego thing with Schwarzenegger, like he's saying, 'I'll show them,' to the public employees," said Delia Donlon-DeMarini, a Department of Public Health employee who works in Natomas.

His view in her opinion? "These are my pawns."

Unions mobilized against Schwarzenegger in 2005 when he pursued special election measures that targeted labor, including one restricting use of union dues. Labor groups defeated the governor's agenda that year.

The governor made amends in 2006 as he sought re-election. He even declared a "Thank You State Workers Day" that October.

But when the state faced a budget dispute in 2008, he proposed paying state workers minimum wage. As the state faced a two-year, $60 billion deficit in early 2009, Schwarzenegger ordered state workers to take two furlough days a month. He increased that to three a month last July, a move agreed to by Democrats.

Dave Low, a union coalition lobbyist, said that 2005 "set the tone, both in his actions and words.
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"He was bashing public employees and egging us on, acting like we were the cause of all the state's problems," Low said. "He changed his tune for a while, but he keeps coming back to blaming public employees."

Joe Mathews, a New America Foundation senior fellow, said Schwarzenegger certainly has made missteps. Union leaders lost trust in the governor when he reneged on a school funding deal in 2005. He has used charged rhetoric in the past, dismissing union concerns as belonging to "special interests."

"It's a budget system for which you can't blame one interest or one person," Mathews said. "Given that the system is broken, I'm not sure it makes a lot of sense to do things that don't save a lot of money and (that anger) people. The energy over minimum wage all ought to be going toward building trust and dealing with things like pensions."

Some experts say California's payroll system 'puzzle' doesn't compute

They say it should not be as hard as the controller says it is to reprogram the computer system to cut state employees' pay to the minimum wage as Schwarzenegger has demanded while there is no budget.

By Jack Dolan, Los Angeles Times
July 19, 2010

Reporting from Sacramento —
For the last seven years, demands that state worker pay be reduced when California has no budget have been met with a consistent response from union-friendly state controllers: Their computer can't do the math.

It's an argument that has outraged Gov. Arnold Schwarzenegger, bemused computer experts and elicited the skepticism of various court judges — especially as the payroll system has adapted to other complex programming tasks, such as calculating dozens of raises for unionized employees and slashing the pay of elected officials and their appointees to zero during Sacramento's budget crises.

Although many computer experts agree that the state's payroll system is antiquated and would be difficult to update, they also said reprogramming it to calculate the minimum wage for more than 200,000 workers probably could have been accomplished long ago and in a matter of months.

On Friday, Sacramento County Superior Court Judge Patrick Marlette denied a Schwarzenegger request for an injunction compelling Controller John Chiang to lower state salaries while there is no budget. But he ordered the two sides back to court next month to argue the feasibility of reprogramming the computers.

State controllers, who are elected and therefore not under the governor's control, have known that they might have to adjust the system since at least May 2003. At that time, the California Supreme Court unanimously ruled that state workers should be paid no more than the federal minimum wage during a budget impasse.

Then-Controller Steve Westly said he couldn't immediately comply because of the decades-old computers but promised to reprogram the system by early September of that year.

The reprogramming didn't happen, and Westly and current Controller John Chiang have both argued that technical obstacles stand in the way of imposing the minimum wage. Last week, Chiang released a report calling the task of getting the computer system to reduce pay while complying with federal labor laws an "unsolvable puzzle."

"It can't do math? That's all a computer is for," said John Thomas Flynn, who served as California's first chief information officer in the late 1990s. Flynn, who was appointed by then-Gov. Pete Wilson, a Republican, accused the Democrat Chiang of delaying upgrades to the payroll system for political gain.

"He sat on these problems to be a hero, in my mind, to the employee unions," Flynn said.

Labor unions spent millions to elect Chiang in 2006 and so far are among the largest contributors to his reelection bid, giving more than $350,000 to his campaign.

Koushik Sen, a computer science professor at UC Berkeley, said reprogramming such an old system could lead to unintended consequences and take months to get right. "But I think if they have experts in the system, it probably could have been done," he said. "Seven years is a good amount of time."

The state payroll system, which Chiang spokeswoman Hallye Jordan said was first designed more than 60 years ago and last redesigned in the 1970s — has been updated over the years to handle a wide array of changes.

There have been 49 separate pay raises granted to dozens of state employee bargaining units since the mid-'70s, said Lynelle Jolley, a spokeswoman for the state Department of Personnel Administration.

The system also has been altered to manage a long list of automatic payroll deductions, including mortgage and car payments, union dues and tax withholdings.

"They must have been updating this on a regular basis," said UC Berkeley computer science professor Paul Hilfinger, which suggests the system is complex but also somewhat flexible.

The controller's computer system also halts the pay of elected officials and their appointed staffs — hundreds of people — during each budget impasse, then repays the withheld wages when a budget deal is signed, noted gubernatorial spokesman Aaron McLear.

Getting the system to reduce state employees' pay to minimum wage would not be the most challenging part, Jordan said: The trick would be getting it to comply with the federal requirement of prompt payment of overtime to employees making minimum wage.

"We want this resolved, but it's real difficult," she said.

Judges have sided with Schwarzenegger on the minimum wage issue before.

Last year, Sacramento County Superior Court Judge Timothy M. Frawley wrote that Chiang's argument was "long on qualifiers and conclusions, and conspicuously short on facts."

The judge went on to say, "Many of the Controller's objections seem to relate to whether the [minimum wage] should be implemented, rather than whether it can be implemented."

Chiang appealed and lost.

Last week, Chiang released a three-month study that said it would take more than two years and nearly $8.7 million to reprogram his computers for the change to minimum wage. Chiang said that would be a wasted effort because the system is due to be completely replaced by 2012.

"They did a three-month study about how hard it would be to fix?" Flynn said. "They could have solved the problem in that time. This is science, but it's not rocket science."

The Disappearing College Catalog
Inside Higher Ed
By Heather Alderfer
July 18, 2010 9:49 pm

I threw a stack of college catalogs in the recycling bin last week. It was a symbolic as well as a practical move, a step toward the triumph of the electronic over the printed. Will today’s students really come to the Registrar’s Office to browse for cross-campus classes? Or will they find a course schedule online with a few key search terms? I’m betting on the latter.

The dilemma of whether to publish and distribute a printed catalog, which after a brief time of usefulness, lingers in drawers of faculty members and administrators, is one many colleges have had. The cost of printing thousands of catalog copies is an easy line item to redline in a budget and the environmental benefit cannot be ignored.

The decision to stop publishing a hard-copy catalog is surprisingly emotional in the educational community. The dilemma is a quintessential example of the print vs. digital debate that libraries face. When I asked my sister, a college sophomore, if her school had given her a catalog, her response was: "yeah, and it was thick and I never looked at it."

This is not what Registrars want to hear. We hope students understand that when they enroll, the catalog becomes their field guide to the institution, providing a comprehensive (if lengthy) compendium of the academic regulations and course descriptions, and also a general introduction to student life. At the same time, I see how the catalog can be viewed as an outdated source of information that is readily available on the college web site.

Questioning the value of the printed catalog brings up a range of emotions. As a student, I remember the excitement each semester when the upcoming course book showed up in my mailbox. I would hurry home and read through the exotic new courses, and circle more than I could ever enroll in. Faculty members also pay close attention to the catalog, and many have described the pleasure they get from reading about their colleagues’ courses and programs. It is a unifying artifact - this is our college, it says, in a neatly bound volume.

But the college experience can't be simply summed up between two covers. The printed catalog lacks the intertextuality of hyperlinks, of seeing the relationship of courses to each other, of being able to click on an instructor’s name and quickly find their bio and the other courses they are teaching. Students today are fluent in browsing and searching electronic documents. I often find myself pulling up a PDF version on a web browser and using the “find” function when it may be just as fast to grab a catalog on my desk and flip to the course description I am looking for. MIT’s online catalog provides both an intuitive and visually pleasing web version with clear instructions on how to get a printed copy.

There will always be those who prefer, and enjoy, reading the catalog in print, savoring the tactile pleasure of the book in printed form. One solution may be to print on demand, so those who do want a catalog can get one and enjoy the feel in their hands of a newly published “book” hot off the press.

What is your institution considering? What will you miss about a printed catalog, and what unexpected benefits do you find in an electronic version?

How to keep a handle on college costs
LA Times

The expenses can be daunting even to parents who've saved since their child was little. Here are some things you can do before freshman year and beyond.

By Kathy M. Kristof
Personal Finance
July 18, 2010

About 19 million kids head to college next month, which is likely to have their parents in a mild panic about how to pay the bills. Even if you saved religiously from the time your child was a toddler, the stock market has worked against you over the last decade, leaving many families short.

Worse, college isn't a one-time expense. One of my friends likens it to buying a luxury car, then driving it off a cliff. "Repeat that four times," he said. "Then you can imagine what it's like to pay for college."

Of course, the hope is that college will pay off in increased earnings for your child. But that's only if your child goes to the right school and manages to graduate and get a job. What can you and your child do to boost that chance and reduce out-of-pocket costs in the meantime?

Check the school's record. Colleges demand detailed records about students before they're accepted. Before you write your first tuition check, check on the school's performance, too. How many people who start at that school continue for a second year? How many graduate in four years? What about six?

The dirtiest secret in higher education is how poorly some colleges perform when it comes to retaining and graduating their students, said Ali R. Malekzadeh, dean of the Williams College of Business at Xavier University in Cincinnati. Paying tuition to a school with rotten retention and graduation statistics is probably a huge waste of money. The National Center for Education Statistics offers a great Web-based tool called College Navigator that gives the essential statistics.

Get credit for AP classes. A lot of students take advanced-placement classes but fail to take the tests that determine whether they get college credit for the courses. It's worth it to study and take the test. Many colleges accept these courses as transfer units, but only if the student gets high marks. The tests cost $86 per subject; that's a fraction of the cost of even a single unit at a public or private university. Each class that's accepted by a college reduces the number of units a student needs to take, ultimately reducing tuition costs.

Consider junior college. If your child has already been accepted to a four-year university, he or she may not want to delay admission for a year or two to complete general-education requirements at a junior college. But the difference in costs is astounding. A typical 12-unit course load is going to cost a little more than $600 a year in tuition and fees at a California community college; roughly $4,800 at a California State University; $9,200 at the University of California; and roughly $30,000 at a private university, according to CaliforniaColleges.edu.

A possible compromise? Your child can attend the university but arrange to take summer classes at the community college in your hometown. (Make sure your child talks to a college counselor and picks only courses that can be transferred.) Combining a few AP classes with units earned in summer school at the community college can make it possible to shave a year off the four that are normally required to graduate. That not only saves a year of tuition and living expenses, but it could also allow your child to start work a year earlier. That could be worth tens of thousands of dollars.

Rent or borrow books. Textbooks can be insanely costly, but with some advance planning, a student can rent or borrow them for a fraction of the cost at the campus bookstore. Several sites, including BigWords.com, allow users to check on the most affordable options for assigned texts.

Work for food. Ever heard of "hashers"? They're the people who show up at a sorority for meal times and help serve and clean up. In return, they get free meals and sometimes get paid a nominal sum. A student can work for a restaurant or school cafeteria and probably get either free or discounted meals too. This won't pay for everything, but it can help supplement a basic meal plan without eating up cash.

Pack a lunch. Cooking may not be allowed in a dorm room, but a mini-fridge can hold sodas and the makings of a decent sandwich. Packing a sack lunch is more healthful and far less expensive than heading to the cafeteria for the mystery meat du jour.

Pay as you go. Can't pay the tuition all at once without borrowing, but think you could handle it if the cost were spread into 12 monthly payments? Call the school and ask whether you can set up a payment plan. Thousands of schools allow parents to spread their payments out, without paying interest.

Use care with loans. There are two types of student loans — those offered through the federal government, which are low-rate and loaded with borrower protections; and those offered by private lenders, which are not. If you must borrow, seek federally guaranteed student loans, which have a maximum interest rate of 6.8%. Most private loans have variable rates, and those rates can run into the high double digits, which can double the cost of your education in no time.

Host a garage sale. While your student is packing up for school, it could be a great time to clear out the closet (and the garage and attic) and put things up for sale. Hosting a garage sale can add a few hundred dollars of spending money to your child's pocket to handle some of those college expenses.

Every dollar saved and earned is one you won't have to borrow.

Community college trustee finds pension loophole
OC Register
OC Watchdog

July 19th, 2010, 5:37 pm ·
posted by Elias J. Groll

Coast Community College Trustee **Walter Howald** has been boosting his future take from the state's beleaguered public pension fund in a way that most elected officials can't.

In the mid-1990s the legislature passed a law saying service as an elected official doesn't count as service credit in the public employee retirement system.

CalPERS calculates pensions using two main factors, salary and years of service. Howald previously held administrative positions at Kern County Colleges and College of the Desert; he left the latter in 2008.

Normally that would mean he would stop accruing service credits in PERS, but because he began serving on the board in 1985, before the passage of the law, he was grandfathered in.

The Watchdog got wind of this late last month and filed a public records request with the district. The records, which the district's attorney managed to mail to the wrong address, verify that Howald has remained enrolled in PERS in his capacity as an elected official.

But as Howald cheerfully pointed out when The Watchdog chatted with him, this is all legal.

Still, the loophole and our public records request has spurred the president of the board, **Jerry Patterson**, to action. He will be proposing a policy at this week's meeting to eliminate the loophole. His regulation would mandate that a trustee whose salary generates service credit under PERS would be ineligible to be paid by the district.

That, Patterson says, would solve the problem: A person who receives no salary is not eligible for service credit under PERS.

This is not the first time the district has confronted retirement payout issues. Former trustee Armando Ruiz retired just days before his 2004 re-election, setting himself up to collect both salary and a pension pay-out. Ruiz lost the 2008 election; criticism of his double-dipping contributed to that ousting.

Patterson's initiative isn't certain to pass. More than one trustee expressed questions about the language of the policy. Trustee **Mary Hornbuckle** said that she was concerned that the proposed policy change would affect other retirement plans, such as the state teacher's plan.

But **Lorraine Prinsky,** who succeeded Ruiz, said she is inclined to consider the new rule favorably. She added that she had not had time to fully evaluate the change.

The board will consider the policy at 6:30 p.m. Wednesday and is likely to vote on the measure in early August.

Why Do Few Provosts Want to Be Presidents? Survey Suggests Some Answers

July 20, 2010

By Paul Fain

Provosts at private colleges like their jobs, but they don't stay in them long, and few are interested in becoming presidents, according to a report scheduled for release on Tuesday by the Council of Independent Colleges.

The report, which was based on a 2008 survey, said fewer than one in four chief academic officers at small and midsize private colleges planned to seek a presidency. And while 96 percent of respondents reported high levels of job satisfaction, they have served an average of only 4.3 years in their current positions, about half the typical tenure of college presidents.

The findings build on growing worries about the pipeline to the presidency. As baby-boomer presidents edge closer to retirement, provosts are usually the most experienced and desirable candidates to replace them.

"All but the most prestigious institutions" are facing a shrinking talent pool of potential presidents, said Richard Ekman, the council's president.

The report, which is available on the council's Web site, was based on data from a survey conducted by the American Council on Education. Responses from 358 chief academic officers, representing more than half of the independent-college group's membership, were compared with those from other sectors of higher education.

The presidential ambitions of provosts hailing from the council's member colleges lagged behind their peers (the national average is 30 percent). The top reason cited by those not interested in becoming a president was the unappealing nature of presidents' work (74 percent), followed by not wanting to live "in a fishbowl" (26 percent), nearing retirement (26 percent), and the time demands presidents face (25 percent).

Those findings are troubling, the report's authors said, particularly given the close working relationship between provosts and presidents at relatively small private colleges.

"You would think that provosts would see the joy of the presidency," Mr. Ekman said. "It's puzzling."

Furthermore, the average job stint for college presidents is growing, while that of provosts is shrinking. The role provosts often play as budget hawks could be partially to blame.

"It's possible that the provosts are being the fall guys," Mr. Ekman said.

Challenging Relationship With Professors

In addition to liking their work, the provosts in the survey were more likely than their peers in other sectors of higher education to have close connections with professors and to teach a course.

But those faculty ties have not created an adversarial relationship with presidents. In fact, provosts at small private colleges said their best working relationship is with their president and their most challenging is with faculty members. A significant number also reported difficulties working with chief financial officers and other vice presidents.

The council will seek to improve the provost-CFO relationship by inviting CFOs to an annual meeting for provosts. It is also focusing on various leadership-training opportunities for provosts, among whom fewer than 30 percent had received any such training before arriving on the job.

Provosts who intended to seek presidencies identified several areas where they said they needed further preparation. Topping the list was fund raising (69 percent), relations with trustees (42 percent), and financial management (32 percent).

Harold V. Hartley III, a co-author of the report, said provosts at small private colleges were less engaged in fund raising than those at most other types of colleges, "so they're not getting that experience."

One advantage for the group of provosts in the survey is that they are about three years younger than their provost peers elsewhere in higher education. But with an average age of 57, they remain only a decade or so from retirement and are only three years younger than presidents of small private colleges.

In addition, 62 percent of provosts at small private colleges are men, about the same percentage as at other colleges. But provosts in the study are more likely to be white—91 percent versus 85 percent. That low number, however, is changing. The study found that 13 percent of provosts at small private colleges who have served for less than a year identified themselves as people of color, more than double the proportion who have served for more than 10 years.

Finding Friends – and Ambiguity
Inside Higher Ed

July 20, 2010

NEW YORK -- Gatherings of fund raisers, alumni affairs leaders, and communications experts in higher education have for years, one panelist here said, engaged in "hand-wringing about social media." Should they get involved? Do they need to take it seriously? What is its role?

Data released here Monday at a meeting of the Council for Advancement and Support of Education suggest a partial change. The vast majority of colleges' fund raising and communications related divisions are now using social media -- only 4 percent aren't doing something in the field. But the hand-wringing really isn't over. The survey notes that while some colleges have clearly articulated goals for social networking, many remain uncertain about its role, its staffing and its value.

The split in thinking here was in evidence on the question of how to define success. Andrew Gossen, senior director for social media strategy at Cornell University, said that "I think five years from now the whole [return on investment] question is going to seem naïve. It would seem like asking for the ROI on your telephone service."

But during the Q&A, several audience members pressed with questions about return on investment. Was there evidence that alumni who are Facebook friends with the institution are more likely to give? Are there bottom-line metrics that can been used to tell whether it's worth developing a Facebook strategy?

The survey was conducted for CASE by mStoner and Slover Linett Strategies, two consulting groups. The results are based on answers from about 1,000 CASE members from a representative sampling of American colleges and universities. Some in the audience suggested that there may be self-selection bias in that those without a social media agenda may have been more likely to ignore the survey -- in which case the data may suggest a greater use of social media over all than is the case.

On the other hand, CASE's membership doesn't focus on admissions, athletics and student affairs -- parts of higher education that have embraced social media at many institutions.

By far, the top social media tool used by those in the survey is Facebook, with 94 percent of respondents reporting that their units have pages there. Most units are using multiple forms of social media, as Twitter is being used by 67 percent of respondents, LinkedIn by 61 percent, and YouTube by 59 percent. About one third reported using blogs, Flickr and Ning and still others used their own social media tools or those sold by vendors.

Alumni are the target audience of the greatest number of colleges in the survey (96 percent of respondents), followed by "friends and supporters" (77 percent), students (69 percent) and donors (66 percent).

The data in the survey that seemed to lead to the greatest murmurs (and discussion in the halls later) concerned staffing. At 83 percent of the divisions of individuals responding to the survey, at least one full-time person is working on social media issues. Within that total, 8 percent reported having three full-time people and 7 percent reported having four or more people.

Asked how many people their entire institutions as a whole have working full time on social media, the answers suggested a serious investment:

Number of Full Time Positions Across Institution Working on Social Media

0	7%
1	13%
2	13%
3	11%
4	10%
5	11%
6-10	20%
11-19	6%
20 or more	10%

Cheryl Slover-Linett, one of the consultants who led the project, said that “nearly everyone is on the bandwagon now,” experimenting with social media and trying to figure out its role in advancement fields.

In answer to the question from the audience about measuring the impact of social media on alumni donor rates, Slover-Linett said there was a link, but that it was ambiguous. From her research for individual colleges (not part of the new survey), she said that alumni who are engaged with their colleges through social media are more likely to be donors. But she said these alumni were also the same alumni more likely to read the alumni magazine, attend alumni events and so forth -- so she couldn't say that the social media impact alone could be measured.

Gossen, the Cornell social media official who spoke with confidence about the long-term need to stay with social media, said that the "sheer numbers" convinced him that this was not an area colleges would abandon or could ignore.

Indeed, Slover-Linett noted that the survey indicated that many colleges expanded social media ties to alumni at the request of alumni -- and that this was something that colleges weren't "planful" with because it came to them and wasn't something they thought through and then proposed.

So how do colleges measure success with social media now? The most common measure is the number of active "friends," fans, participants or posts -- depending on the nature of the social media tool. That was followed by volume of participation (unique persons involved over a period of time), the number of click-throughs to an institutional Web site, and event participation.

In the next year, many colleges in the survey are planning to expand social media or to formalize organization of it -- which is largely decentralized, according to the survey.

Michael Stoner, another of the consultants involved, said that the survey used Oregon State University as an example of the way colleges could use social media for a variety of specific goals, measure the results, and mix new media and old media strategies. Oregon State's Powered by Orange campaign features a variety of social media tools -- with several goals. One of them is to increase the university's visibility in Portland, and Oregon State has been able to measure traffic to various parts of the campaign from Portland residents.

Further, he noted that Oregon State mixed a campaign with Google Maps and Twitter along with bus wrap-around ads -- and that there need not be an abandonment of more traditional promotional efforts.

While the panelists generally lauded the power of social media, they also noted the need for some self-restraint, suggesting that colleges that simply post every press release to Twitter or Facebook end up showing that they don't really understand what social media are about.

Charlie Melichar, who is in transition from a public affairs position at Colgate University to one at Vanderbilt University, said it was key to remember that colleges' use of social media isn't restricted to sending out messages. Much of the discussion about social media in higher education focuses on how colleges can tell alumni one thing or students another thing. Melichar said that "listening" should be seen as a key advantage of social media in higher education.

Sometimes, he said, colleges send out information “that I’m not sure anybody was asking for,” while a strategy of following discussions might yield great ideas or insights. “You don’t need to start every conversation,” he said.

— Scott Jaschik

Looking Locally for Financial Support
Inside Higher Ed

July 20, 2010
Last month, amid unprecedented state budget cuts for public higher education, the San Mateo County Community College District became the first community college in California in decades to win the authority to levy a local property tax specifically to help fund its overcrowded institutions. Now, nearby Foothill-De Anza Community College District, in the heart of Silicon Valley, is seriously considering asking for a local property tax of its own to help make up for slumping state support. Is a funding revolution underway in the Golden State?

The result of the June 8 vote in San Mateo came as a surprise to many political observers around the state. Since the passage of Proposition 13 in 1978 — the landmark amendment to the state constitution that capped property taxes — most funding of California's community colleges has come from the state government. Prior to its passage, community colleges regularly received significant funding from local property taxes. Measures to win back the tax levy require a two-thirds supermajority of the vote to pass. Given this, none of the state's 72 community college districts had ever attempted to pass such a measure. K-12 school districts throughout the state, however, have frequently succeeded in doing so.

Though history was not on its side, the community college district in San Mateo pulled off a close election, winning taxing authority with 67.1 percent of the vote.

"It's hard to get two out of three people to agree on anything," said Ron Galatolo, chancellor of the three-college district. "But we did it."

The tax will cost property owners in the district $34 per parcel, or unit of property, annually. Property owners age 65 and older have the ability to opt out of the tax if they so choose. As there are about 220,000 parcels in the county, the tax could generate as much as $6 million per year for the college district. Still, the levy only lasts four years.

Opposition to the levy came primarily from two local taxpayers' associations and a state property rights group. In their mutually penned "arguments against" the measure, they pointed out that only San Mateo County residents would have to pay the tax even though the community colleges within it serve a sizable number of students from elsewhere. The poor economy — a rallying cry for college officials — was also cited as an argument against the tax.

"Now is not the time for more taxes," read the critics' pre-election case to voters. "Thousands of employees are laid off or furloughed. Self-employed business owners have less work, or have closed altogether. Yet their property taxes are still due. Everyone who can't afford all these taxes will lose their homes."

Though critics said the district would never be able to win taxing authority, polling of likely voters hinted otherwise. Given the college's dire financial straits, Galatolo said the measure was worth a try. He added that any money the tax will generate, though not making up for state cuts, will make a noticeable difference on his campuses.

“Through no result of what we’ve done, we found ourselves in a huge financial crisis,” he said. “We’ve had a $25 million dollar reduction in our budget in the past two years. … Student demand is higher than it’s ever been. We have 14,000 students on waitlists. We simply had to take it upon ourselves to see what support we have in the community.”

Though most political observers doubt state funding levels for higher education will increase all that much in four years, Galatolo said the district will have to reexamine whether to renew when the time comes. As to why the district only asked for a four-year tax levy, his answer was simple: “I wanted it to pass.” Polling of likely voters showed support for the measure decreased as time commitment increased.

Officials from Foothill-De Anza Community College District, just due north of San Mateo, watched their neighboring colleagues’ local election victory with great interest.

Linda Thor, chancellor of Foothill-De Anza, said the news of San Mateo’s victory had a “warming effect” on her district’s debate over whether it should consider asking for permission to tax its local property as well. The district’s Board of Trustees will decide at its upcoming August meeting if it will put a referendum on the November ballot.

“We’ve had our budget cut by $20 million in the past two years,” Thor said. “Also, we’re finding ourselves turning away thousands of students at a time when community colleges are key to getting people on their feet again. It’s against the nature of community college folks to turn away students who need us. We need to begin looking out for ways to take back more control of our financial future.”

Initial polling of likely voters in the district shows strong support — more than 70 percent approval — for a $69 per parcel property tax that would last six years. One argument for the measure, Thor noted, polled particularly well among likely voters.

“Voters responded very positively to the notion that these funds couldn’t be taken away by Sacramento and would be spent exclusively locally,” Thor said.

Though admitting that funds from a successful parcel tax could not be counted upon year in and year out — as there are no guarantees of a renewal — Thor said she thinks more community college districts in California will be looking to get local taxing authority to make up for recent state budget cuts. She added that she would prefer that her district have more local control over its financial affairs, much like districts do in Arizona, where she was recently president of Rio Salado Community College.

“It’s totally night and day from Arizona to California,” Thor said. “You have much more control over your own fate in Arizona. Local boards of trustees set tax levies; local boards set the tuition rate. Also, in Arizona — being a much less populous state — you, candidly, have more ability to directly influence the legislature. … Certainly, more local control is better."

Even if Foothill-De Anza successfully becomes the second community college district in California to earn local taxing authority, Thor and Galatolo admit that the idea is not likely to take hold everywhere in the state. More liberal communities near the coast, they said, are more likely to approve such levies, whereas more conservative communities farther inland have a history of voting against tax increases.

Other education officials who know that state's politics well agree.

"It likely could serve as a fiscal band-aid to the state's budget woes …for a handful of districts," wrote Scott Lay, president of the Community College League of California, in an e-mail. "It is unlikely that more than a dozen of the 72 [districts] will seriously entertain a parcel tax."

— David Moltz

UC gets smarter about budget cuts
LA Times

Editorial
July 20, 2010

Centralizing some administration and allowing more out-of-state and foreign students will help the University of California weather decreased revenue.

Dwindling state funding has presented the University of California with a menu of unappetizing options during the past few years. Its first efforts to cover the gap were clumsy, harming students as well as its prestigious reputation. This year, university officials have gotten smarter about surviving the recession intact.

With the state unable to fund the number of California students who should be accepted, according to the Master Plan for Higher Education, UC obviously couldn't continue with business as usual. It reduced class offerings. Most campuses reduced enrollment, providing fewer residents of the state with access to its premier institution of higher education. And it raised fees, putting it out of the reach of many middle-class families.

UC's reputation — Berkeley is ranked as the top public university in the nation — wobbled as more students were drawn to other schools and those who enrolled at UC hunted for seats in needed ourses. And it unwisely continues to consider charging more for some majors, such as economics.

But this year, UC President Mark Yudof has pushed a smarter approach, long advocated by this page. In May, the university announced that it would centralize administrative functions such as payroll and purchasing among its 10 campuses, an efficiency measure that will ultimately save half a billion dollars a year. Last week, it released enrollment data for this fall, showing that the number of out-of-state and foreign students would increase dramatically at UCLA and especially Berkeley. Those students are top achievers who bring in money by paying out-of-state tuition. They also bring more diversity to campus.

California students still pay a price. Berkeley has been criticized for reducing the number of state residents it accepts as it doubles nonresident enrollment. But most UC campuses have been reducing admissions whether or not they enroll more out-of-state students. The schools simply cannot afford to educate, at their own expense, more students than the state has been willing to pay for. As more resources become available, UC and the state must make the admission of more California students a priority; but as a long-term strategy, enrolling more out-of-towners is a judicious decision that will preserve the state's crown jewel of higher education.

Vying for Limited Slots
Inside Higher Ed
July 21, 2010

Community colleges pride themselves on open admissions policies. But an increasing number are moving to competitive admissions in nursing programs.

Officials at Southern State Community College, in Ohio, recently announced that the college would abandon the first-come-first-served approach of its associate degree nursing program next spring and adopt competitive admissions standards. Currently, all students who meet the program's minimum requirements — mainly earning at least a 2.5 cumulative grade point average in college and completing a series of prerequisite math and science courses — are placed on a waiting list and admitted according to number. The 4.0 GPA student has no advantage over the 2.5 GPA student. Next spring, all qualified students will be ranked using an institution-developed equation, taking into equal consideration their overall GPA, grades in the required courses and entrance exam scores. Those with a higher rank will be given precedence in filling the program's 100 slots.

Julianne Krebs, director of nursing at Southern State, said the college made the change to boost program completion, among other reasons. Currently, 62 percent of the nursing program's first-time freshmen graduate in two years; the program's graduates have a 75 percent first-time pass rate on the National Council Licensure Examination (NCLEX).

The National League for Nursing says community college nursing programs should aim for a two-year graduation rate of 70 percent. Last year, more than 88 percent of first-time test takers nationwide passed the NCLEX. Krebs hopes that Southern State's nursing program will be able to best these benchmarks in the near future. She notes that other two-year institutions in Ohio — including Edison Community College and Washington State Community College — that have adopted competitive admissions have graduation and NCLEX passage rates above these benchmarks. Their success was another factor behind the change at Southern State.

"Right now we may have a student who walks in with a 4.0 but cannot get into the program because of where they are on the waitlist," Krebs said. "I think it's fair to put them at the head of the line. There's a lot of correlation between overall GPA and grades in science classes and success in nursing programs. We want the most highly qualified nurses to graduate from our program."

The change is not expected to create significantly more work for the college's nursing admissions committee, which ensures that all applicants meet the minimum requirements, said Krebs, noting that the institution-developed equation for ranking students will take care of the selective aspect of the admissions work.

Like many nursing programs around the country, the one at Southern State has more qualified students than it can currently accommodate. Krebs noted that its last waiting list had about 120 students. Given this, it is likely that Southern State's program, also like others with competitive entry, will turn away many qualified students.

Elaine Tagliareni, chief program officer of the National League for Nursing and former community college nursing professor, noted that Southern State's change is indicative of a larger trend of community college nursing programs adopting competitive admissions. She noted that the tremendous shortage of nurses in the field has pressured many community college programs to try to improve their passage rates by adopting these criteria. Still, she stressed that, as a professional association, the league endorses neither competitive nor first come, first served admissions.

"We don't promote one way of doing anything," Tagliareni said. "We promote academic progression in nursing. Colleges need to develop criteria that meet the needs of their local community."

Not all nursing educators agree, though. Patricia Benner, professor emerita at the University of California at San Francisco School of Nursing and lead author of a recent Carnegie Foundation for the Advancement of Teaching study on nursing credentials, believes all community college nursing programs should adopt competitive admissions.

"It's no advance to let in all comers and then have 50 percent or less of them graduate," Benner said. "That's not fair to students, and it's not fair to the program. We would be cavalier to take all comers. I'm pleased with the movement afoot to change. Competitive admissions are one more way for community college nursing programs to be more accountable to students."

Benner holds that having competitive admissions for nursing programs does not violate the larger open-access mission of community colleges, primarily because all students have the ability to take the prerequisites that ultimately qualify them for such programs.

"It's not fair to admit students if they don't have the intellectual capacity," Benner said. "People's lives are at stake here."

Two years ago, using logic similar to Benner's, the California Legislature passed a law setting competitive-admissions standards for all community college nursing programs in the state. Before the change, all qualified students were chosen for programs by a lottery system. The change has made a noticeable difference in California.

"Community colleges with as high as 50-70 percent drop-out rates moved to accepting the students with the highest grades in prerequisites, or at least a minimal grade of B," Benner explained. "This lowered the failure rates, repeat course rates, and the drop-out rates. … It is expensive to take students who are likely to fail and/or drop out. Saddleback Community College nursing program in Southern California near [Los Angeles] is my prime example of this policy. They have a high completion rate, and they also have 100 percent pass rates for the nursing licensing exams."

Some community colleges, however, are holding fast to open-entry policies for their nursing programs. Sinclair Community College, in Ohio, admits 90 students to its nursing program each quarter, primarily on a first-come-first-served basis, from a waiting list of those meeting the minimum requirements. Only recently did it adopt a special program setting aside up to 25 percent of program slots for highly qualified students.

Still, college officials note that they are committed to keeping the rest of the nursing program open-access to maintain a diversity of students, based on a range of factors including socioeconomic status and race, in the program.

“I’m not entirely convinced that we could have higher completion rates just because we only took those with higher GPA's,” said Gloria Goldman, associate provost and former nursing department chair at Sinclair. “We might not let in qualified students who could be nurses as good as anyone.… I’ve always been opposed to going [entirely] competitive. I understand why some institutions do it. There’s a huge success agenda going on in community colleges right now. I totally understand. But it would be a mistake to go to entirely competitive admissions.”

— David Moltz

Pensions: the good, the bad and California

By Ed Mendel

Although you may not find one in California, there is a place where officials get credit for handling public employee pensions, instead of a barrage of criticism about unaffordable debt.

It's Wisconsin, a state with a tradition of good government and high taxes.

"I think Wisconsin is a pretty good example of how you do it right," Wisconsin Gov. Jim Doyle told a Milken Institute conference in Los Angeles in April. "And I don't take credit for this. This goes deep into our history."

He said all of the state and local government pensions, except the city and county of Milwaukee, were consolidated in the 1970s. An unusual dividend feature allows retiree payments to be cut in hard times, 2.1 percent last year and 1.3 percent this year.

But Wisconsin also tries to keep the system fully funded. When the funding level fell to 82 percent after the stock market crash two years ago, said Doyle, the state added a contribution of about $200 million to bring the funding level back up to near 100 percent.

"So again I would love to take credit for this," said Doyle. "But this is something that's built into our culture for a long period of time. I will take credit for, even in these very dire times, we have never deferred payments. We pay them in."

Some of *the recent criticism* of the Wisconsin system is that employees do not contribute to their pension costs. The system also may borrow to finance a costly move toward more stable *bond-based investments*, less affected by major market swings.

While Wisconsin was called a "national leader" and placed in the top rank in *a Pew Center on* the States study in February, the retirement system in neighboring Illinois was in the bottom rank with the lowest funding level, 54 percent.

It's a different political culture. Two of the last six Illinois governors were convicted of crimes. A third, Rod Blagojevich, is on trial for using his power as governor to extort campaign contributions and other things, 24 counts.

For about the last 15 years, Illinois reportedly has skipped some annual contributions to the pension fund and issued a series of pension bonds to cover annual costs, including $10 billion in 2003. A $3.5 billion pension bond is proposed this year.

A recent *New York Times story* on Illinois' budget problem said: "Then there is the spectacularly mismanaged pension system, which is at least 50 percent underfunded and, analysts warn, could push Illinois into insolvency if the economy fails to pick up."

Illinois legislators raised the retirement age and cut benefits earlier this year, said the Times story, and then claimed immediate savings even though the changes only apply to new hires.

“For the last few years, California stood more or less unchallenged as a symbol of the fiscal collapse of states during the recession,” said the Times story. “Now Illinois has shouldered to the fore.”

Illinois still has a slightly higher credit rating than California, the lowest of any state. A California proposal for a pension bond, originally $1 billion in 2004, was blocked by a legal challenge from conservative groups, who said a public vote was required.

But big payments for state worker retirement costs being delayed now could increase California’s retirement costs in the future. And meanwhile, the money is not invested to yield earnings.

This fiscal year the state is expected to pay $6.5 billion for retirement costs: California Public Employees Retirement System $3.9 billion, California State Teachers Retirement System $1.2 billion, and state worker retiree health $1.4 billion.

The $6.5 billion payment is a big bite, 5.7 percent of the governor’s proposed budget for general and special funds, $114.3 billion. Yet in rough terms, it’s only half of the amount needed to fully fund the state’s retirement obligations.

The CalPERS board, which can set the annual state payment, imposed a $600 million increase in the new fiscal year that began this month. But that only gets the main state worker fund to an estimated 76 percent of the 30-year obligation.

The payments needed to cover losses in the stock market crash are being phased in over three years. An estimate in December, when the increase this year was thought to be only $200 million, showed the state payment increasing $1.1 billion in the next two years.

The CalSTRS board, which needs legislation to set contribution rates, is seeking an increase amounting to 14 percent of payroll, about $3.8 billion, if the assumed rate of annual earnings on investments remains at the current 8 percent.

If as staff recommends the earnings rate is dropped to 7.5 percent, the contribution increase would be 20 percent of pay — nearly doubling the current contribution of school districts 8.25 percent of pay, teachers 8 percent, and the state 4.5 percent.

For retiree health care, the state owes $51.8 billion over the next 30 years, state Controller John Chiang estimated in February. The state has negotiated some labor contracts that begin to set aside small amounts of money for future retiree health care.

But the nonpartisan Legislative Analyst said last year, when the unfunded debt was estimated to be $48 billion, that the state should be setting aside $1.3 billion a year to properly fund retiree health care promised current state workers.

The UC Retirement System ended a two-decade contribution “holiday” this year. Neither employer nor employee paid into the system, while costs were covered by investment earnings.

A required employee contribution to a 401(k)-style individual investment plan, 2 percent of pay, was switched to the retirement system in April. UC says the state should be contributing $320 million a year to cover normal costs, but it’s getting nothing so far.

The remarkable contribution holiday enjoyed by the UC system shows how public pensions depend on investment earnings. CalPERS got about 75 percent of its revenue from earnings for a decade, before dropping to 63 percent after the crash.

The big losses (the CalPERS portfolio went from $260 billion in the fall of 2007, to $160 billion in March of last year, before rebounding to about $200 billion) probably helped spark a debate between two disciplines, actuaries and financial economists.

Stanford graduate students, following the economists, issued a study in April saying the three state pension funds have a "hidden shortfall" of $500 billion, not the $55 billion reported before the market crash.

The new CalPERS chief actuary, Alan Milligan, wrote in a *Sacramento Bee article* this week that academics and think tanks with "an ideological bent" are "exaggerating pension liabilities to scare the public and policymakers."

The Stanford study assumed an earnings rate based on "risk-free" bonds, 4.1 percent, because pensions are risk-free, guaranteed by the state. Milligan said the CalPERS assumed earnings, 7.75 percent, follows time-tested actuarial rules and may be tweaked after a year-long public review.

A Northwestern University professor, Josh Rauh, who agrees with the Stanford study conclusion, made a dire forecast at a *pension roundtable* discussion held by Gov. Arnold Schwarzenegger earlier this month.

"I'll just say that current assets are sufficient to pay for current benefits for CalPERS and CalSTRS only through 2026 and 2027, and that's even assuming they make 8 percent returns," Rauh said.

Without a contribution increase, CalSTRS agrees that its investment fund, now about $130 billion, will run out of money — but not until two decades later in 2045, according to its consulting actuary, Milliman.

"At that time, the state, as the plan sponsor, would be obligated to fund benefits on a pay-as-you-go basis, similar to the approach by which benefits were funded in the early years of CalSTRS," said a CalSTRS *staff report in February*.

How big would the pay-as-you-go tab be 35 years from now?

"The state would be required to pay the current equivalent of about $9 billion each year to meet its obligation that could not be paid from available contributions," said the staff report.

That would be about 11 percent of the $83.4 billion state general fund proposed by the governor for the current fiscal year.

Reporter Ed Mendel covered the Capitol in Sacramento for nearly three decades, most recently for the San Diego Union-Tribune. More stories are at http://calpensions.com/ Posted 22 Jul 10

Once a Leader, U.S. Lags in College Degrees

NY Times
By TAMAR LEWIN
Published: July 23, 2010

Adding to a drumbeat of concern about the nation's dismal college-completion rates, the College Board warned Thursday that the growing gap between the United States and other countries threatens to undermine American economic competitiveness.

The United States used to lead the world in the number of 25- to 34-year-olds with college degrees. Now it ranks 12th among 36 developed nations.

"The growing education deficit is no less a threat to our nation's long-term well-being than the current fiscal crisis," Gaston Caperton, the president of the College Board, warned at a meeting on Capitol Hill of education leaders and policy makers, where he released a report detailing the problem and recommending how to fix it. "To improve our college completion rates, we must think 'P-16' and improve education from preschool through higher education."

While access to college has been the major concern in recent decades, over the last year, college completion, too, has become a leading item on the national agenda. Last July, President Obama announced the American Graduation Initiative, calling for five million more college graduates by 2020, to help the United States again lead the world in educational attainment.

This month, on becoming chairman of the National Governors Association, Gov. Joe Manchin III of West Virginia announced that he would lead a college-completion initiative.

In May, Grantmakers for Education, an organization for those who make gifts to educational programs, convened a group of philanthropists and policy experts to talk about how to bolster college-completion rates.

"We spend a fortune recruiting freshmen but forget to recruit sophomores," Michael McPherson, president of the Spencer Foundation, said at the meeting.

In April, Melinda Gates gave a speech at the American Association of Community Colleges convention, urging community college officials to lead the way on college completion and pledging that the Bill and Melinda Gates Foundation would contribute up to $110 million to improve remedial programs, in an effort to increase graduation rates.

"The stars are aligning in a way that gives me some hope," said William Kirwan, chancellor of the University System of Maryland, who hosted the Washington discussion along with Mr.

Caperton. “This is a problem that’s been around for too long. But now there’s beginning to emerge a focus of attention and activity that quite frankly we haven’t had till now.”

Mr. Kirwan said that the United States had fallen behind other countries over several decades.

“We led the world in the 1980s, but we didn’t build from there,” he said. “If you look at people 60 and over, about 39-40 percent have college degrees, and if you look at young people, too, about 39-40 percent have college degrees. Meanwhile, other countries have passed us by.”

Canada now leads the world in educational attainment, with about 56 percent of its young adults having earned at least associate’s degrees in 2007, compared with only 40 percent of those in the United States. (The United States’ rate has since risen slightly.)

While almost 70 percent of high school graduates in the United States enroll in college within two years of graduating, only about 57 percent of students who enroll in a bachelor’s degree program graduate within six years, and fewer than 25 percent of students who begin at a community college graduate with an associate’s degree within three years.

The problem is even worse for low-income students and minorities: only 30 percent of African-Americans ages 25-34, and less than 20 percent of Latinos in that age group, have an associate’s degree or higher. And students from the highest income families are almost eight times as likely as those from the lowest income families to earn a bachelor’s degree by age 24.

The problem begins long before college, according to the report released Thursday.

“You can’t address college completion if you don’t do something about K-12 education,” Mr. Kirwan said.

The group’s first five recommendations all concern K-12 education, calling for more state-financed preschool programs, better high school and middle school college counseling, dropout prevention programs, an alignment with international curricular standards and improved teacher quality. College costs were also implicated, with recommendations for more need-based financial aid, and further efforts to keep college affordable.

Why Do You Think They're Called For-Profit Colleges?

The Chronicle of Higher Education

July 25, 2010

By Kevin Carey

Michael Clifford believes that education is the only path to world peace. He never went to college, but sometimes he calls himself "Doctor." Jerry Falwell is one of his heroes. Clifford has made millions of dollars from government programs but doesn't seem to see the windfall that way. Improbably, he has come to symbolize the contradictions at the heart of the growing national debate over for-profit higher education.

Until recently, for-profits were mostly mom-and-pop trade schools. Twenty years ago, a series of high-profile Congressional hearings, led by Senator Sam Nunn, revealed widespread fraud in the industry, and the resulting reforms almost wiped the schools out. But they hung on and returned with a vengeance in the form of publicly traded giants like the University of Phoenix.

Entrepreneurs like Clifford, meanwhile, have been snapping up dying nonprofit colleges and quickly turning them into money-making machines.

Most of that money comes from the federal government, in the form of Pell Grants and subsidized student loans. Phoenix alone is on pace to reap $1-billion from Pell Grants this year, along with $4-billion from federal loans. A quarter of all federal aid goes to for-profits, while they enroll only 10 percent of students.

Unfortunately, a large and growing number of graduates of for-profit colleges are having trouble paying those loans back. Horror stories of aggressive recruiters' inducing students to take out huge loans for nearly worthless degrees are filling the news. The Obama administration, flush with victory after vanquishing the student-loan industry this year, has proposed cutting off federal aid to for-profits that saddle students with unmanageable debt. Congress has rolled out the TV cameras for a new round of hearings that are putting for-profits on the hot seat. One observer called the event "the Nunn hearings on steroids."

The new scrutiny of for-profits is welcome. Without oversight, the combination of government subsidies and financially unsophisticated consumers guarantees outright fraud or programs that, while technically legitimate, are so substandard that the distinction of legitimacy has no meaning. For-profit owners and advocates have a hard time admitting that.

I spoke with Michael Clifford recently as he was driving down the California coast to meet with a higher-education charity he runs. He's an interesting man—sincere, optimistic, a true believer in higher education and his role as a force for good. A musician and born-again Christian, he learned at the knee of the University of Phoenix's founder, John Sperling. In 2004, Clifford led the sale of a destitute Baptist institution called Grand Canyon University to investors. Six years later, enrollment has increased substantially, much of it online. The ownership company started selling shares to the public in 2008 and is worth nearly $1-billion today, making Clifford a wealthy man. He has since repeated the formula elsewhere, partnering with notables like General Electric's former chief executive, Jack Welch. Some of the colleges that Clifford has purchased have given him honorary degrees (thus "Doctor" Michael Clifford).

Clifford will concede, in the abstract, to abuses in the for-profit industry. But he rejects the Obama administration's proposal to cut off federal aid to for-profits at which student-debt payments after graduation exceed a certain percentage of the graduates' income. In fact, he denies that colleges have any responsibility whatsoever for how much students borrow and whether they can pay it back. He won't even acknowledge that student borrowing is related to how much colleges charge.

That refusal is the industry line, and it is crazy nonsense. As a rule, for-profits charge much more than public colleges and universities. Many of their students come from moderate- and low-income backgrounds. You don't need a college degree to know that large debt plus small income equals high risk of default. The for-profit Corinthian Colleges (as of mid-July, market cap: $923-million) estimated in official documents filed with the Securities and Exchange Commission that more than half the loans it makes to its own students will go bad. Corinthian still makes a profit, because it gets most of its money from loans guaranteed by Uncle Sam.

Other industry officials, like the for-profit lobbyist Harris Miller, would have you believe that government money that technically passes through the hands of students on its way from the public treasury to the for-profit bottom line isn't a government subsidy at all. In that regard, for-profits lately have been trying to rebrand themselves as "market based" higher education. To understand how wrong this is, look no further than the "90/10 rule," a federal rule that bars for-profits from receiving more than 90 percent of their revenue from federal aid. The fact that the rule exists at all, and that Miller is working to water it down (it used to be the 85/15 rule), shows that for-profits operate in nothing like a subsidy-free market.

The federal government has every right to regulate the billions of taxpayer dollars it is pouring into the pockets of for-profit shareholders. The sooner abusive colleges are prevented from loading students with crushing debt in exchange for low-value degrees, the better.

But that doesn't mean for-profit higher education is inherently bad. The reputable parts of the industry are at the forefront of much technological and organizational innovation. For-profits exist in large part to fix educational market failures left by traditional institutions, and they profit by serving students that public and private nonprofit institutions too often ignore. While old-line research universities were gilding their walled-off academic city-states, the University of Phoenix was building no-frills campuses near freeway exits so working students could take classes in the evening. Who was more focused on the public interest? Some of the colleges Clifford bought have legacies that stretch back decades. Who else was willing to save them? Not the government, or the church, or the more fortunate colleges with their wealthy alumni and endowments that reach the sky.

The for-profit Kaplan University recently struck a deal with the California community-college system to provide courses that the bankrupt public colleges cannot. The president of the system's faculty senate objected: The deal was not "favorable to faculty," she said. Whose fault is that? Kaplan, or the feckless voters and incompetent politicians who have driven California to ruin?

Wal-Mart recently announced a deal with the for-profit American Public University to teach the giant retailer's employees. What ambitious president or provost is planning to make her reputation educating $9-an-hour cashiers?

Traditional institutions tend to respond to such ventures by indicting the quality of for-profit degrees. The trouble is, they have very little evidence beyond the real issue of default rates to prove it. That's because traditional institutions have long resisted subjecting themselves to any objective measures of academic quality. They've pointed instead to regional accreditation, which conveniently allows colleges to decide for themselves whether they're doing a good job.

But many for-profit institutions have regional accreditation, too. That's what people like Clifford are buying when they invest in troubled colleges. Accreditation has become like a taxicab medallion, available for bidding on the open market. As a result, long-established public and private nonprofit colleges are left with no standards with which to make the case against their for-profit competitors. At one recent Congressional hearing, the Senate education committee's chairman, Tom Harkin, said of the for-profits, "We don't know how many students graduate, how many get jobs, how schools that are not publicly traded spend their [federal] dollars, and how many for-profit students default over the long term." All true—and just as true when the words "for profit" are removed. There's no doubt that the worst for-profits are ruthlessly exploiting the commodified college degree. But they didn't commodify it in the first place.

For-profits fill a void left by traditional institutions that once believed their world was constant. Fast-developing methods of teaching students over the Internet have given the velocity of change a turbo boost. In such a volatile situation, all kinds of unexpected people make their way into the picture. And once they get there, they tend to stick around. Traditional institutions hoping that Congress will rid them of for-profit competition will very likely be disappointed.

When Tenure Disappears: Walking Away from the Ivory Towers Inside Higher Ed

By Mary Churchill July 25, 2010 9:30 pm

When William Julius Wilson wrote *When Work Disappears* in 1996, he wasn't saying that work was *actually* disappearing. He was saying that work as urban poor folks had known it had been forever changed – factory jobs with benefits had all but disappeared. Today, new positions at factories receive thousands of applications and people are willing to move their families halfway across the country for a full-time job with health insurance. I grew up in a GM family in Flint, Michigan. My father worked night shifts on the line. When he died in 1984, his annual salary was in the $50k range and our family had amazing health benefits. Those jobs have disappeared.

Twenty years later, I earned my PhD and entered a surprisingly similar job market with what seemed like a handful of tenure-track positions receiving hundreds of applications. Tenure-track positions are disappearing. Changes in both of these sectors are the result of changes in the economy and the nature of work. The company is no longer loyal to us and we are no longer loyal to the company. We cannot afford to fool ourselves into believing that these changes have not had radical impacts on work within higher education.

At the same time, we are being told that we need to "constantly reinvent" ourselves to remain relevant and marketable. Many of us have parents who worked for the same company for 40 years – they had been bored and it had been "just a job." At that time, there had been a discrete line between their jobs and the rest of their lives. This line has disappeared. In academia, we have been trained to think for a living and we cannot stop ourselves from thinking, all the time. We aim for a work/life balance that provides the space for creativity. We believe that meaningful work should have an impact outside of the workplace and that a meaningful life should have an impact outside of the home.

So, how do we get there?

One problem lies in the fact that we are being trained under an old model. In the majority of our PhD programs, we are trained for one position, one role – that of faculty member, one who is primarily a researcher and secondarily a teacher. We take courses in theory and methods within our discipline. We are not taught the theories and methods of teaching. We do not complete practicums in teaching. It is assumed that we are brilliant thinkers who will be able to convey the results of our research in our courses. This is rarely the case.

We need to rethink PhD training. As tenure disappears and PhD enrollments continue to rise, we have to accept the fact that PhD candidates need to be trained to work outside of academia and that our knowledge-based economy needs PhD-trained knowledge workers in all sectors – not just in higher ed.

What should this include?

1. **Teacher Education –** PhDs should be certified to teach high school students (Our K-12 systems are suffering and the market is flooded with unemployed and under-employed PhDs).
2. **Higher Education Management –** PhDs spend enough years within their institutions – they should know how they work.
3. **Leadership Development** – Teamwork, decision-making, management, communications – the basics to make PhDs productive knowledge leaders.
4. **Media Training –** Communicating ideas to a larger audience-Why do we keep some of our best-trained minds from having an impact?

We are squandering the wealth of our knowledge workers. We are forcing them into the confines of a narrowly prescribed identity where the majority write for free and teach classes at rates that keep them at poverty levels. Many are severely depressed, disengaged, and forgoing long-term partnerships and families of their own.

Let's turn this around.

If tenure is disappearing, let's face this head on. Let's create a vision. Don't train your PhD students to become your replacements. Train them to create a new society, a better society. Give them the hope that they can make an impact and change the world. Don't pitch them into a snake pit of hopeless competition for a diminishing number of positions.

Train them to become knowledge catalysts, to make a difference.

Train them to walk away from the ivory towers.

Dan Walters: Old fight over California taxes flares anew

The SacBee

Published: Monday, Jul. 26, 2010

When California faced a major budget crisis in the early 1990s, thanks to what was then the worst recession since the Great Depression, a Republican governor – Pete Wilson – and the Legislature enacted a big, albeit temporary, increase in state taxes.

Despite the boost in sales and income taxes, however, state revenue continued to decline as the recession deepened, touching off years of political debate over causes and effects.

Those on the right contended that by increasing taxes, Wilson and the Legislature depressed economic activity, thus causing a further decline in revenue. Those on the left argued that if tax rates had not been increased, revenue would have declined even further due to the recession.

Wilson later recanted, saying he regretted twisting arms of fellow Republicans to vote for the tax increase because revenue did not jump.

History is repeating itself.

An even worse recession is buffeting California now. As state revenue plummeted last year, Republican Gov. Arnold Schwarzenegger cajoled and bullied a few Republicans into voting for billions of dollars in temporary tax increases.

"Anyone that runs around, I think, and says that (balancing the budget) can be done without raising taxes, I think has not really looked at it carefully to understand this budget or has a math problem and has to get back, as I said, and take math 101," Schwarzenegger said.

The 2009 tax hikes turned out to be more temporary than the governor and legislators wanted, because voters limited their lifespan a few months later by rejecting a series of ballot measures.

The increases will begin to expire in a few months, but they were in effect for the just-ended 2009-10 fiscal year. And as the overall economy continued to fade, their enactment did not generate a big net revenue increase, thus emulating what happened with Wilson's tax hike.

The additional income, sales and vehicle taxes were expected to produce around $8 billion a year. As state officials close the books on the 2009-10 fiscal year, however, revenue remains flat.

Overall, Controller John Chiang reports, the state received $86.6 billion in revenue during the year, about $1.4 billion more than the previous year – and $10 billion less than 2007-08.

Personal income taxes, the largest single generator of revenue, were barely a billion dollars higher than the previous year.

The numbers will touch off a new version of the old debate. Did raising taxes retard economic recovery, thus erasing the expected revenue gain (not likely)? Did it protect some public services (more likely)? Or was it a little of both (possibly)?

Schwarzenegger seems to be emulating his one-time mentor Wilson. This year, he's as adamant about not raising taxes again as he was last year about increasing them.

Ah, politics.

Typical College CFO: White, Male, and Not Likely to Seek a President's Job

July 27, 2010

By Josh Keller

San Francisco

Chief financial officers at colleges and universities are more than four times as likely to plan to retire than to seek a college presidency, according to a new survey of nearly 1,000 officials released by the National Association of College and University Business Officers.

The survey, which was conducted this year and presented at Nacubo's annual conference on Monday, is the group's first comprehensive census of the top financial officials in higher education. The responses offer a broad picture of those executives, whose titles include CFO and vice chancellor for business, and who are predominantly white, male, and older than 50.

A majority of those officials plan to retire or to seek another CFO position as their next career move. Only 8 percent of the respondents said they planned to seek a college presidency.

The findings highlight concerns about the source and quality of future college presidents, according to John D. Walda, Nacubo's president. "It's a very big issue," Mr. Walda said in an interview. "We need to get more, not fewer, people interested in those jobs."

It is unfortunate, Mr. Walda said, that college-leadership jobs "aren't more appealing to—and, more importantly, accessible by—CFO's, because many of the skills of dealing with budget problems are skills that nobody has better mastered than CFO's."

Mr. Walda said one cause was the unwillingness of many faculty members to consider financial officials as potential presidents. Another, he said, was that CFO's often have a close-up view of the presidential position, which is becoming "more and more challenging and stressful."

The survey is closely modeled after one of chief academic officers conducted last year by the American Council on Education. That survey also identified a lack of interest among provosts and other top academic officials in becoming a college president.

Nacubo's survey findings indicate difficulties in diversifying the CFO pipeline. Nine out of 10 respondents were white, compared with 85 percent of provosts and other chief academic officers.

Women were better represented, especially at community colleges, where they made up 42 percent of respondents. But their numbers dwindled at comprehensive universities, where they made up only 21 percent of the total.

Kenneth E. Redd, the group's director of research and policy analysis, said higher education's numbers compared favorably to those at Fortune-500 corporations, which, in 2009, had only 12 female CFO's. The diversity of college CFO's will also improve as officials from the present generation retire and are replaced by younger peers, he said.

The survey also asked CFO's to name the most common frustrations of their positions. The most frequent response was "never having enough money," followed by the "belief by others that you are infinitely accessible." Further down on the list of frustrations were, as the survey put it, "curmudgeonly faculty" members and "meddlesome board members."

Economy Slows Colleges' Ability to Hire and Delays Retirements

The Chronicle of Higher Education

July 25, 2010

By Kathryn Masterson

Like many deans, William A. Schwab would like to hire more new faculty members. But with a hiring freeze in place at the University of Arkansas's main campus, where Mr. Schwab leads the J. William Fulbright College of Arts and Sciences, his ability to hire full-time professors is limited, although the university's enrollment is growing.

Also complicating the hiring situation: Older faculty members are delaying retirement because the economic crisis took a bite out of their retirement portfolios. While a steady flow of retiring faculty members would free up money the college could use to hire new professors, "that's simply not happening," Mr. Schwab says. Nine percent of the college's 300 faculty members are 65 or older, and 5 percent are in their 70s and 80s.

"Until we start seeing turnover, we're limited in what we can do," he says.

That crunch is something other colleges are feeling, too, says Ronald G. Ehrenberg, a professor of industrial and labor relations and economics at Cornell University and director of the Cornell Higher Education Research Institute. He calls the situation a "double whammy": At a time when colleges are facing budget reductions that force cutbacks on hiring, they are also seeing a slowdown in the retirements that would free up money to hire.

Speculation about waves of retirements has gone on for years, as the faculty members brought in to teach the baby boomers, and now the baby boomers themselves, hit their 60s. The American professoriate is aging. Six years ago, the last time the National Study of Postsecondary Faculty was completed by the Education Department, the average age for full-time professors was 49.6 (54 for tenured faculty members). In 1993, the average age was 48 (51.9 for tenured professors). Today it's not unusual for colleges to have faculty members teaching and working in their 70s, or even 80s. At Cornell, where Mr. Ehrenberg works, 86 members of its 1,605-person faculty, or 5 percent, are 70 or older—twice as many as 10 years before, according to university statistics. Some 177 faculty members, meanwhile, are between the ages of 65 and 69.

For certain, the decision to retire from a tenured position is a complex one that is not solely determined by money or the state of the economy. Many faculty members enjoy their teaching and research, and ever since mandatory retirement at age 70 for tenured professors was abolished in 1994, many see no reason to give up their work or university affiliation once they reach their 60s. In a TIAA-CREF faculty survey released last month, nearly one-third of those polled said that they expected to work until at least 70, compared with about a quarter of American employees in all fields. Of those who said they expected to retire after age 67, more than two-thirds chose personal preference, not financial necessity, as the main reason they planned to work later.

Evidence that the most recent economic downturn is having a noticeable effect on the retirements of older professors is still largely anecdotal. Not every college reports seeing a significant change in the age of retiring faculty members, but the issue is very much on the minds of administrators and individuals. Another TIAA-CREF survey, from last year, found that almost a quarter of faculty members ages 50 to 70 who were saving for retirement expected to retire later than they had planned, with an average delay of three years.

What does it mean if tenured professors are retiring later? People are living longer, and professors in their 60s and 70s may be doing the best work of their careers. Colleges don't want to lose those teachers and researchers at the top of their game. (Mr. Ehrenberg, for example, is a well-known, sought-after expert in higher education at age 64. He loves his work and teaching students, and says retirement would be "very, very hard.") And there's no guarantee that colleges will replace a retiring tenured professor with another tenure-track faculty member. In fact, the proportion of tenured and tenure-track jobs in the professoriate has continued to shrink over the last three decades. But colleges also need to bring in junior faculty members at the beginning of their careers. New professors bring fresh energy to a college, can rejuvenate a department, and may be doing work in the forefront of their fields, especially in rapidly changing areas.

And hiring new professors is one way colleges can improve the diversity of their faculty. Mr. Schwab, of Arkansas, points to his college's most recent group of new hires: 11 men and 10 women (which would have been an equal number of women and men, for the first time in the college's history, if one female candidate hadn't declined Arkansas's offer), one-third of whom are minority-group members. "Our goal as a college and university is to have a faculty and student body that reflects the diversity of society," he says.

Some universities have taken action to make retirement more attractive to those who might have been considering it before the downturn. Duke University, for example, created a central fund from which deans could borrow to add to the retirement packages of faculty members who may have been hesitant to leave because they lost some of their savings during the recession.

Since the downturn, the number of people retiring or leaving Duke for another institution has dropped by about half, says Peter Lange, Duke's provost. The university wanted to free up more money for hiring and take advantage of a tight job market in which competitors had slashed their hiring. Between 15 and 20 people took advantage of the added financial incentive, which requires them to retire by next June. Mr. Lange estimates that the program cost the university between $1.5- and $2-million; individual colleges will have five years to repay the central fund.

While Duke has slowed its hiring somewhat, it was able to run about 80 percent as many searches as it had in recent years. Another benefit, Mr. Lange says, has been that more faculty members have started conversations with their deans about retirement.

"Turnover is important for the constant renewal of your faculty," he says.

More colleges are looking at possible incentives to increase the number of people retiring, says Valerie Martin Conley, an associate professor of education at Ohio University who studies faculty-retirement trends. Not all have the money to offer early-retirement packages or incentives, such as allowing senior faculty members to work part time, and there aren't much data on such incentives that colleges can use to compare programs or adapt existing ones to their needs.

Ralph W. Kuncl, provost of the University of Rochester, says there are ways to facilitate retirement that can be a win for both the individual and institution. He believes the best strategy is to provide access to free, impartial financial advice. He also believes institutions can offer phased retirement that allows retiring professors to remain involved in the life of the university rather than go away entirely, because money isn't the primary reason older faculty members stay on the job.

"Their entire identity is tied up in being a scholar," Mr. Kuncl says. "To go from 100 to zero is unthinkable."

Mr. Kuncl, who hasn't seen a noticeable change in retirement age at Rochester during the recession (the average age is 67), cautions that institutions considering retirement incentives need to treat senior faculty members as individuals, and with dignity. A sense that there is a set number of people a college wants to retire to hit financial or diversity goals can create a toxic environment, he says.

Ronald Stockton, a professor of political science at the University of Michigan at Dearborn, says a bad economy isn't the main reason that professors like himself are still working. At 69, he's a productive researcher who just won a department award and loves teaching. He recently gave a lecture series on graveyards (a personal interest, in addition to his primary work on Middle East conflict and Arab-Americans) and led a three-hour tour of local cemeteries. He is now helping undergraduates create a guidebook to Muslim graveyards in the Detroit area, home to one of the oldest Arab-American communities.

"I intend to keep teaching as long as I can," Mr. Stockton says. " I can't imagine myself not in the classroom and working with students."

He believes universities should offer step-down retirement plans that would allow faculty members who wanted to keep teaching to stay on campus and teach part time, which would keep them in the classroom while freeing up part of their salaries to hire younger scholars. He made a proposal to that effect to his university several years ago when he was on his college's executive committee, he says, but it never went anywhere.

"The way you make it possible for people to leave is to find a way for people to stay," he says.

Not all universities are looking to hurry retirement of their faculty members. They believe age will take care of any bottlenecks in the coming decade or so, as the baby boomers grow older. Also, it can be expensive to replace them.

Jamshed Bharucha, provost at Tufts University, believes universities will see a substantial increase in the rate of retirements in the next 10 years, regardless of the state of the economy. He's been telling graduate students at Tufts to "hold tight."

But the wave of retirements, if it happens, could be a double-edged sword, Mr. Bharucha says. While it will be an opportunity to hire many new faculty members, Tufts doesn't yet have the up-to-date facilities that new faculty members in the sciences, technology, engineering, and math expect when they are hired. Tufts estimates the upgrades and renovations it will need to attract top candidates once the wave of retirements starts will cost hundreds of millions of dollars. The university is planning to make the upgrades in stages.

Tufts has talked about offering retirement incentives (the medical school offered buyouts before the financial crisis hit), but Mr. Bharucha says the university is not looking to hurry people through retirement.

"It's something we talk about, but I don't feel the sense of urgency," he says. "It gives us time to put in place the kind of facilities and infrastructure we're going to need to replace those retiring faculty members."

How I Solved My Midlife Crisis

The Chronicle of Higher Education

July 25, 2010

Did I want to simply 'phone in' my job for the next two decades and spend more time playing the banjo?

By Bart Beaty

As I approached my 40th birthday, I joked to friends and colleagues that I was laying the groundwork for an impending midlife crisis. At 39, I felt I was doing really well for myself: I was a tenured associate professor of media studies at a rising research university in a booming city. I had published five well-regarded books with university presses and had completed three more. My courses were popular and drew strong evaluations from students. My administrative duties were relatively light and, for the most part, meaningful. I was happily married and adored my son. Crisis? What crisis?

Joking about it, of course, probably brought it on.
When I turned 40, career changes derailed my sense of contentment. First, the academic unit in which I had spent my entire career was to be united with several others, and the future of my discipline at the university appeared in jeopardy.

Midway through the year my faculty appointment was transferred to another department, where I would begin the process of reinventing myself in my job. Then I was promoted to full professor. What should have provided a sense of personal accomplishment made me question what I had done to arrive at this point in my life. How had I become a full professor in a discipline from which I had actually flunked out 20 years ago? More important, what was I supposed to do now?

Taking my midlife crisis seriously, I thought for a long time about what I wanted to do next. Faced with another quarter century in academe, five options seemed open to me. Did I want to become the best possible teacher I could be? Did I want to become the leading scholar in my research subfield? Did I want to pursue a career in administration and try to improve the place where I worked? Did I want to communicate research beyond the ivory tower by writing for nonscholarly venues? Did I simply want to "phone in" my job for the next two decades and spend more time playing the banjo?

Coming to terms with what I wanted to do required being honest with myself about the person I am and the person I want to be. In the end, because I enjoy so many aspects of my job, I found that it was as much a process of ruling out options as making an affirmative decision to move in one single direction. Like so many academics, I realized that I greatly enjoyed teaching bright and committed young people, but that teaching was not the primary reason I had entered this profession. I wanted to create new knowledge, not simply pass on what is already known.

I also recognized that I while I can teach well, the path to becoming a world-class teacher would take me down pedagogical roads that I was not enthusiastic about following. When I listen to my teaching-focused colleagues, I don't hear messages that resonate deeply within me, and I am old-fashioned enough that I seem to be naturally suspicious of many of the advancements in contemporary pedagogy that are of such interest to my peers.

The dream of scholarly superstardom was put to bed next. I have been very fortunate to work with excellent editors at university presses who have believed in my work, and I am grateful to have been favored with research grants and opportunities that mean my scholarship is respected by my peers.

Yet at the same time, the arrival of my newest books kindled little joy in my heart. Moreover, the current shifts in the landscape of academic publishing have made the likelihood of diminishing returns all the more present. I take great pride in contributing to my research area, but I no longer have any desire to try to lead it.

The idea of moving into a life in administration is one that I seriously considered for some time. It was clear to me that one source of my current crisis was the nagging feeling that things weren't being done right where I worked; which is to say, they weren't being done the way that I would do them. Naturally, I wondered if I could change that.

In the end, it didn't much matter. It became clear to me that my vision for reform was not one widely shared by my colleagues, and that would keep me out of any position that I might find rewarding. I am grateful that that was pointed out before I embarked on a path that would have only frustrated me. Not to mention my colleagues.

Having ruled out the three most important roles of academic life, I wondered if I could remain content as an academic? Surely I couldn't just mark time and collect a paycheck for the remainder of my career. While the idea of simply giving up might sound appealing to some, I'm the type of person who, when on vacation, becomes restless about getting back to the office.

I swear I'm not a workaholic. I have plenty of hobbies and interests, but I also realize that my hobbies are another way of ensuring that I always have a project, or six, on the go. A life of ease wrapped around a phoned-in teaching effort might be enough to keep me tenured, but it wouldn't have made me happy. At the same time, I began to realize that, some day, I wouldn't be teaching at all anymore: What will I do when I retire? What would I do with my life if I won the lottery and didn't have to work?

That led me to the moment of clarity I had been searching for: I woke up to the fact that achieving tenure and promotion are like winning the lottery. With the odds against landing a tenure-track job in the humanities growing longer every year, I had hit the proverbial jackpot and been granted an opportunity that very few people have: the freedom to pursue my own interests on my own terms. Within the constraints of my job obligations, I could do whatever I wanted with my life.

It was then that it became clear that what I wanted to do was write without footnotes. For more than a decade I've written magazine criticism that has counted little toward my professional goals but has given me great personal satisfaction. I've blogged and scribbled and enjoyed it in ways that are quite different from the satisfaction I find in my monographs and journal articles. So I've decided to do more of the kind of writing I enjoy the most.

I've begun writing for magazines that my neighbors subscribe to. I've begun writing a novel that I think my parents would read. I recognize that there is a great likelihood that I will fail as a novelist, or at least fail to meet my goals. I've also realized that I'm fine with that, because the process of writing in a new way has already opened up new ways of thinking for me.

For the first time since writing my dissertation, I am working on a project that I think about night and day, and long to return to when I am away from it.

What's more, that sense of freedom from the peer-review rat race has strengthened my commitment to the values of inquiry-based scholarship and teaching. Without the past 10 years of research and teaching, I don't believe I would have had the confidence to pursue a different type of writing. The research skills that I have developed are certainly coming in handy as I craft a historically situated novel. I'm excited to bring my new writing experiences into the classroom, and I now have ideas for an array of new courses that will keep me interested in teaching for years to come. Finally, I'm excited about scholarly writing in a way I haven't been for a long time. Instead of turning into stereotypically embittered deadwood, I feel like a new hire eager to prove myself all over again, but with a lot more self-confidence—and job security.

There's a lot about faculty life that can wear down body and soul over the years. Before succumbing to the feeling that you can never be happy in academe, I would encourage all midcareer academics to take stock of their lives and their work by asking two questions: What would I be doing right now if I could do anything at all? And how much of that could I do right now and still be great at my job?

Goodbye to Those Overpaid Professors in Their Cushy Jobs

The Chronicle of Higher Education

July 25, 2010

By Ben Gose

The notion that college professors lead easy lives isn't quite dead, but it may soon be history.

A decade or two ago, it wasn't hard to find state legislators, pushing for university budget cuts, who complained about the leisurely lives of academics. Try a Google search for such criticism today, and not much turns up.

There may still be full professors who teach three or four classes per year, head off to their cabins for the summer, and send their own children to college with a generous employer subsidy, all while enjoying job security denied to most other workers. But each year, fewer and fewer professors have it so good: An increasingly small percentage of those standing at the front of a college classroom are on the tenure track. For adjunct instructors, who now make up more than half of the professoriate, life is a scramble to piece together as much income as a bartender's. And the young academics who do win coveted tenure-track appointments are hardly coasting—they're working harder than ever before.

So instead of the bellowing legislator, what you find today is college teachers policing their own—to root out any suggestion that the life of the mind is a life of leisure.

John Hare became furious in early 2009 when he learned that a professor at the University of Florida had fought the administration after it asked her to teach three classes per year instead of two.

Mr. Hare's own daily existence is a crazy jumble of students and papers—and he loves it. As a professor of American studies and English and chair of the English department on Montgomery College's campus in Germantown, Md., he teaches four sections of composition and one of American literature every semester, and is entering the third year of a six-year contract. But life at the community college beats his earlier career as a technical writer, he says, in which he had little control over his work and had to show up each day at 8:30 sharp every morning.

Now, "I have to spend 15 hours a week in a classroom talking about things that I really love with some pretty interesting people. Once in a while, I have to read their papers. The heavy lifting is picking up the papers to take them back to the classroom.

"For this, I get paid."

Mr. Hare learned that Florida's Florence E. Babb, a full professor who also served as graduate coordinator of the university's Center for Women's Studies and Gender Research, had sought an arbitration hearing rather than teach an extra course during a financial crunch. (Ms. Babb, who declined to comment, had pointed out at the time that she was initially told her load would double, to four courses, but that before the hearing the university agreed to count her duties as graduate coordinator as a course.) The university prevailed in the dispute.

Mr. Hare believes that such actions threaten to backfire against all college faculty members, including those with far less job security. "It contributes to a public perception that we all face at budget time—that we don't work very hard, that we have an objection to working hard," he says.

Last September some professors at the University of California decided that not working on days they were supposed to teach might actually help the university win more support from the Legislature. The professors called for a walkout of classes—to demonstrate how budget decisions were affecting students—even though the president's office had prohibited them from taking furloughs on teaching days.

James Hamilton, a tenured professor of economics on the San Diego campus, called out his fellow professors on his blog. "If some of my colleagues perceive that they now have better opportunities than teaching at the University of California, I'd encourage them to resign so that they can take advantage of those opportunities," he wrote. "If not, they need to stop whining and do their jobs. And perhaps even be thankful that, unlike many other Americans, they still have one."

The professoriate may be policing its own perceived slackers, and there may not be as much grumbling from legislators as there once was about professors out mowing their lawns on Friday mornings. But what about professors' pay—does it qualify as cushy?

For those people lucky enough to land full-time jobs at universities, the pay can be good, although, of course, it's all relative. For example, a mathematician at a college or university makes an average salary of $72,320 per year, according to the Bureau of Labor Statistics. (An annual survey by the College and University Professional Association for Human Resources provides a more detailed breakdown: A full professor in mathematics and statistics at a four-year institution makes $84,324; an associate professor, $66,012; an assistant professor, $55,765; a new assistant professor, $55,186; and an instructor, $42,782.) That compares with an average salary of $67,430 for an accountant or auditor, according to BLS figures, and $75,220 for a statistician.

The average annual salary for English instructors at a college or university, meanwhile, is $65,570, according to the bureau. That's about $10,000 per year more than high-school teachers make ($55,150), but high-school teachers probably started earning real wages at least six years earlier, and have a better shot at tenure.

And, of course, many adjunct instructors in college make far less than high-school teachers, and must supplement their income with other work. Steve Street, a lecturer in the writing program at Buffalo State College (who writes occasionally for *The Chronicle*'s Adjunct Track column), makes just $15,000 per year teaching six classes. He also does some freelance writing (including for *The Chronicle*), and in each of the past two summers has filed for unemployment benefits.

"I've been working for this system for 15 years, and I'm not at all happy with where I am," he says.

Most professors fare less well than lawyers and doctors. Nancy Folbre, a tenured economist at the University of Massachusetts at Amherst, finds the comparison apt, since all three careers require significant graduate or professional education and an apprenticeship period. She views the residency in medicine and the grueling years before making partner at big law firms as analogous to the bid for tenure.

Lawyers earn an average annual salary of $129,020, according to the labor bureau, and family doctors and general practitioners earn $168,550. The average wage for college and university professors whose disciplines are not listed separately (unlike the economists and English professors, above) is $77,080.

That said, few tenured professors are likely to want to trade places. "The main benefit is being around other smart people and getting to talk about ideas all day," says Ms. Folbre. "If you talk to most faculty members, that would trump everything."

And yet many highly satisfied full professors also say that any young scholar trying to follow in their footsteps is delusional.

Cary Nelson, a tenured professor of English at the University of Illinois at Urbana-Champaign and president of the American Association of University Professors, believes it is no longer ethical to recommend Ph.D. programs to promising undergraduates. "It's a ticket to exploitation and semi-starvation," he says.

Peter D.G. Brown, a professor of German at the State University of New York at New Paltz and one of the few tenured professors who has fought for better working conditions for adjuncts, says the odds against finding a tenure-track job simply make pursuing a Ph.D. a bad bet for most people: "I do everything I can to talk them out of it."

In fact, it's become such a long shot to snag one of those "cushy" jobs—relative to the years of study required even to be in the running—that some experts believe it is now economically rational only for children from affluent families to pursue academic careers.

"Is there a harm to that?" asks Marc Bousquet, an associate professor of English at Santa Clara University, who blogs for *The Chronicle.* "The answer is yes. You're no longer sorting for the most-talented faculty. You're sorting for people who can afford that wage discount."

As long as the national economy remains in the doldrums, even those with the most-secure academic jobs may have to work harder. Stephen Nelson, a tenured associate professor of educational leadership at Bridgewater State College, argues that budget-crunched institutions should touch the "third rail of campus politics" and make professors who are accustomed to teaching four or five courses per year take on another course. Doing so could eventually lead to a reduction of 15 to 20 percent in the size of the faculty, he points out, and save colleges a lot of money.

Increasing teaching loads is not exactly an idea that has caught fire (although Carleton College has delayed a planned reduction for tenured professors from six to five courses a year). But who knows what the future holds in a double-dip recession?

Not surprisingly, some professors want the suffering to land elsewhere. Last summer 23 department chairs at San Diego signed a letter urging the University of California system's president, Mark G. Yudof, to "drop the pretense that all campuses are equal" and consider closing those at Merced, Riverside, and Santa Cruz to save money.

That prompted an angry columnist at the *The Modesto Bee,* near Merced, to label the idea's proponents "fish-taco-eating egotists."

"These folks are willing to stab in the back thousands of students and would-be students, UC faculty and support staff, and cities just to keep their own inflated salaries for what amounts to a three-day workweek," wrote the columnist, Jeff Jardine.

The stereotype of the cushy life may be dying, but watch out for some last gasps along the way.