Debating Student Debt
Are college students living beyond their means?

By Kathy Witkowsky
MISSOULA, MONTANA

CHRISTINA ADAMS is an accounting major at the University of Montana, where she has earned a 4.0 grade point average. She’s proud of her excellent grades, and excited that, come May, she’ll become the first person in her immediate family to graduate from college. Those grades, though, have cost her, and she knows they will continue to exact a price in the future—though she has absolutely no idea how much of one.

A afraid that a job would interfere with her academic performance, Adams, 23, has relied heavily on loans to finance three years of her education at the University of Montana, where an in-state scholarship allows Adams, who does not have residency status, to pay 150 percent of in-state tuition and fees for incoming freshmen runs $4,033, and where a scholarship allows A dams, who does not have residency status, to pay 150 percent of in-state charges rather than out-of-state tuition. (Her parents picked up the tab for her freshman year of college, at Arizona State University.)

But until recently, when a reporter inquired about her situation, Adams had never crunched the numbers.

“T’ll just be doing it for the next four years,” Adams acknowledged with a nervous laugh. “It’s just easier for me not to know the totals.”

Rising tuition costs, the relatively easy availability of loans, and a society that increasingly relies on credit have resulted in students borrowing more than ever before.

For good reason. It turns out that Adams owes nearly $41,000: $13,527 in federally guaranteed student loans; $22,400 in private loans; and about $5,000 on her credit card. “It’s a lot more than I expect nowadays,” she said, clearly shocked when she heard the tally. Still, she said, she’s convinced she did the right thing by taking out loans “I know eventually they’re going to come back and haunt me,” A dams said. “But I just think I’ll deal with it when that day comes.”

That’s a common refrain on campuses these days, where rising tuition costs, the relatively easy availability of loans, and a society that increasingly relies on credit have resulted in students borrowing more than ever before. In the 2000-01 academic year, a record $74 billion was available in student financial aid, according to the College Board. But 58 percent of that aid came in the form of loans rather than grants, compared to just over 41 percent in 1980-81. At the University of Virginia, the state’s flag-ship campus.

William and Mary President Timothy J. Sullivan blames Virginia’s tax policies for underfunding public higher education.

Virginia’s Latest Budget Squeeze
Years of tax cuts lead to higher tuition, fewer student services

By Carl Irving
RICHMOND, VIRGINIA

“T he most grievous wounds on the system are being inflicted as a consequence of public policies putting tax reductions first.”

—TIMOTHY J. SULLIVAN, PRESIDENT OF THE COLLEGE OF WILLIAM AND MARY

Virginia’s 15 public degree-granting colleges and universities and 23 community colleges have been hammered by the recession, following a dozen years of state policy decisions that sharply reduced financial sup-

port for the University of Virginia, the state’s flagship campus.

This last budget squeeze will have dire long-term consequences, officials and educators here in the state capital and at several campuses predict. They blame a political fixation on lowering taxes, freezing and then sharply lowering tuition, and failure to accumulate a surplus during good economic times.

“There’s a feeling of apathy, skepticism and talk of promises not kept,” said Phyllis Palmiero, director of Virginia’s State Council of Higher Education.

“We’re going to be suffering for a long time, because of what’s happened in the last dozen years,” said Larry Sabato, a nationally known political analyst and a fac-

ulty member at the University of Virginia in Charlottesville for 32 years. “Virginia schools generally will be moving down in the ranks,” he predicted.

The latest hits this fall, after word of a state budget deficit that approaches $6 billion, will mean widespread faculty and staff dismissals, canceled programs, larger classes and enrollment caps—all of this in the face of forecasts that the number of qualified state high school graduates will increase enrollment at the four-year campuses by 12 percent over the next decade. Current setbacks relate to past years, continued on page 14
Meaduring Up 2002, the latest report card from the National Center for Public Policy and Higher Education, was discussed at a symposium held at the National Press Club, in Washington, D.C., October 2.

This is the National Center’s second report card, evaluating and grading each of the 50 states on its performance in providing education and training beyond high school. Since publication of “Meaduring Up 2000” many states have made progress in preparing students for college-level education, the new report finds, but overall college opportunity in America is at a standstill.

“The largest gains since the 2000 report card are in preparing young Americans to be able to enroll in and succeed in college,” said James B. Hunt Jr., chair of the National Center’s Board of Directors and former governor of North Carolina.

“but there are young Americans who still do not have the opportunity to prepare for and enroll in college.”

In addition to Governor Hunt, those in attendance at the symposium included Governor Paul Patton of Kentucky; Roberts T. Jones, president and CEO of the National Alliance of Business; Ted Sanfords, president of the Education Commission of the States; and Paul Lingenfelter, executive director of the State Higher Education Executive Officers.

MEMBERS OF THE NATIONAL CENTER BOARD OF DIRECTORS who were present included Garrey Carruthers, president and CEO of Cimarron Health Plan and former governor of New Mexico; Jim Edgar, Distinguished Fellow at the Institute of Government and Public Affairs at the University of Illinois, Urbana; and former governor of Illinois; and Virginia B. Edwards, editor of Education Week and president of Editorial Projects in Education.

A iso, Roger A. Enrico, former chairman and CEO of PepsiCo, Inc; Robert McCabe, senior fellow with the League for Innovation in the Community College, and former president of Miami-Dade Community College; and Howard “Pete” Rawlings, chairman of the appropriations committee in the Maryland House of Delegates.

NEWS FROM THE CENTER

“Grade Inflation”

Editor—While your summer CrossTalk article “High Marks” raised a number of significant issues concerning both causes and effects of grade inflation, it failed to touch upon one key reason for better grades: better teaching and learning strategies.

A n increasing number of faculty are more interested in using graded exercises as ways to encourage learning rather than simple evaluative snapshots of a student’s mastery of perhaps key (but certainly arbitrarily selected) course material.

In the classes I and most of my colleagues teach, we tell students what we think is important for them to learn, cover that material in detail, and grade over tests quizzes, papers and other measures of their mastery. The focus is on what the student has learned, not what the professor has taught. While that may seem to be a subtle distinction, it is a very real one.

Are the grades I issue higher than those of 30 or 40 years ago? I should hope so. Have my students learned as much as students did 30 or 40 years ago? More, I should think. The current controversy sparked by Rosovsky’s report assumes some kind of constant, universal value and meaning for grades in all disciplines. As academics, we of all people should understand how hugely oversimplified such an assumption is.

Richard F. Fulton, Dean for Instruction Whatcom Community College Bellingham, Washington

Letters to the Editor

To order Measuring Up 2002 call (888) 269-3652. Single copies are available for $25.00; discounts are available for orders of ten or more.
Hard Times for Illinois
Slow economy leads to budget cuts and tuition hikes

By Pamela Burdman

SPRINGFIELD, ILLINOIS

I L L I N O I S C O L L E G E S and universities took an unexpected battering in this year’s state budget, even as the slow economy sent more students back to school and brought forecasts of more hard times ahead.

Overall a statewide budget shortfall of $1.6 billion resulted in a $147 million, or 5.5 percent, slice from higher education. It was the first cut for higher education since the early 1990s, and the first substantial one ever for the Monetary Award Program (M A P), the state’s historically well-funded need-based financial aid program.

“Higher education was hit very hard,” said Larry Matejka, director of the Illinois Student Assistance Commission, which administers M A P. “They had a big hole and they were looking for bodies to throw in the hole. I don’t think they realized how big of an impact this was going to have.”

To insiders, the bleak statewide budget situation exposed tensions between lawmakers and the state’s universities, between the state’s public and private institutions, and even between prestigious research institutions and those more focused on undergraduate education. But on the surface, the effects were most visible in rising tuitions, decreased financial aid, salary freezes, layoffs, and cuts to various programs at the state’s 12 public university campuses, 48 community colleges, and the 50-some private institutions whose students rely on M A P support.

The first sign of trouble ahead was a mid-year rescission announced in late November 2001, when public agencies—including universities and community colleges—were ordered to return one percent of their budgets. In addition, the institutions were asked to pay a total of $45 million in health insurance costs that traditionally had been picked up by the state. Then, last May there began what a former policymaker called higher education’s “two most tumultuous weeks in the decade.” A s they scrambled to find reductions in order to submit a balanced budget, lawmakers in Springfield ended up turning to higher education.

Looking for a silver lining, many higher education leaders point out that their current misfortunes come on the heels of—and perhaps even as a result of—a run of good years with $100 to $150 million annual increases. “One of the reasons we were out on the brink is that higher education had been very well funded,” said Keith Sanders, who stepped down earlier this year as executive director of the Illinois Board of Higher Education (I B H E). “Our base was growing at a rate faster than inflation.”

Still, higher education leaders warned that another year like this one could be catastrophic for the state’s universities and for Illinois students. “We’re able to weather the storm for this year,” said E lora Dan iel, president of Chicago State University. “I hope this will be one year and that the economy will not continue on this downward spiral. The academy is really aging. This could become a real problem for us.”

A mong the effects:
• The Monetary Award Program was slashed ten percent from $371 million in 2001-02 to $331 million this year—dropping from the nation’s second-largest need-based aid program to the number four spot (behind California, New York and Pennsylvania). A mong those losing financial aid were an estimated 7,000 students who were counting on receiving a five-year grant to complete their degrees.

In all, the Illinois Student Aid Commission said that some 128,000 students received M A P grants—below last year’s figure of 140,000 students and far less than the estimated 154,000 students who would have been eligible for assistance had the money been available. Students still receiving grants saw their awards cut by five percent, reducing the maximum award from $4,968 to $4,720.

• Students at every public university in the state—and at some private institutions—faced significant tuition hikes. Tuition and fees at public schools went up by an average of 10.7 percent, reaching a high of $6,498 (an 8.8 percent increase) at the Urbana-Champaign campus, a more modest $3,778 (a 7.8 percent increase) at Chicago State University. The biggest increase—14.6 percent—was at Southern Illinois University’s Carbondale campus. Tuition went up an average of 5.7 percent at community colleges and 4.7 percent at private four-year institutions.

• Institutions had to trim expenses by laying off staff and faculty and by freezing salaries. A t the University of Illinois, for example, which faced a shortfall of $89 million, 900 jobs were cut on three campuses—including 175 faculty positions—mainly through attrition. There were no faculty or staff salary increases at any of the public institutions, raising concerns (especially at the U of I, which is still recovering from the elimination of faculty positions in earlier recessions) about losing faculty to other prestigious institutions that offer better pay. It was the first flat salary year since the early 1990s.

• Campuses faced hard choices about where to absorb the pain. Because of lay-offs of adjunct faculty, many campuses offered fewer sections of courses, and class sizes grew. Other effects varied, ranging from longer lines at shuttle buses at the University of Illinois at Chicago, to the elimination of printed class schedules in favor of digital versions at Carbondale, to reduced budgets for travel and equipment at Chicago State.

Even as university officials were struggling to manage the reductions, pessimistic predictions of a budget hole as large as $2 billion next year were coming out of the governor’s office in Springfield. A nd if the budget picture were not creating enough uncertainty, two contenders were vying to replace Republican G eorge R yan as governor, and more than half of the state’s 177 legislative seats are due to turn over in this fall’s election.

A s they scrambled to find reductions in order to submit a balanced budget, lawmakers in Springfield ended up turning to higher education.

At the same time, enrollment increases are straining resources at many of the institutions. Enrollment surged as much as five percent at community colleges and at the University of Illinois’ Chicago campus. A s they cope with the short-range requirements of the budget cuts, higher education leaders are also concerned about the longer-term implications for educational quality, access and affordability, and the ability to retain top faculty. Despite the impression that higher education has fared well until this year, officials at the Illinois Board of Higher Education point out that when the budget figures are adjusted for inflation, state funding for public universities has still fallen $171 million, or nearly 11 percent, since 1990.

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leaders, but critically important for private schools. “Everybody sort of wanted to hang onto their piece, and in the end the biggest hit comes to students,” said state representative Judy Erwin, a Chicago Democrat who is completing a term as leader of the higher education committee.

No one in higher education welcomed the loss of fifth-year funding—with some predicting it will be restored next year, especially if Democrats come into power. “The thing that made it so devastating for us is the fact that the institutions found themselves in a position of having to raise tuition multiple times higher than inflation,” said M atejka. “A student aid program like ours runs inversely with the economy.”

Hazel Loucks, the education deputy to Governor R yan, and D emocrat, said, “No matter how much we tried to talk and say this is what reality is their own reality ruled. Because [the cut in M AP funding] came out of nowhere, there wasn’t any time for organized opposition.”

Fund years of financial aid began in 1974, and today only about 26 percent of Illinois’ college students finish their degrees in four years.

M atejka, Loucks and others point out that there are many reasons students take more than four years to graduate. For example, those who take 12 hours a semester are considered full-time, but at that rate, they cannot complete a program in four years. Some majors—such as engineering and teacher training—typically require more than four years.

With 7,000 fifth-year students finding out shortly before school began that their funding was gone, even R auschenberger, speaking on the Senate floor, called the M AP cuts the “reductions I am most reluctant to support.”

Higher education leaders warned that another year like this one could be catastrophic for the state’s universities and for Illinois students.

Still, he is suspicious about the five-year trend. “Historically what’s happening is not a couple of very, very complex programs that require more than four years,” he said. “It is counseling students to take nine to 12 classes, telling them and their parents to hang onto their piece, and in the end the biggest hit comes to students.”

In early budget discussions, in fact, legislators laid out a scenario in which private institutions would be eliminated from the program. Legislators claimed the scenario was never an actual proposal, but it was taken seriously by The Illinois Federation of Independent Colleges, which has been a strong supporter of M AP since it began in the late 1950s with a goal of promoting “choice,” or allowing low-income students to attend private schools.

“We made the case that the private colleges are the best bargain that the state has,” said Federation President Don Fouts, noting that the state spends an average of $2,000 in financial aid for each student at a private institution, compared with the $10,000 it costs the state to subsidize each public university student.

A s the program grew from $586,000 in 1958 to its high of $371 million last year, contentious debates have arisen over the twin goals of choice and access. Because of rising tuitions and other costs, public institutions have received an increasing portion of M AP funding. Whereas 77 percent of M AP money went to private institutions in 1969, that number had dropped to 58 percent by 1989-90, and, after community college students started needing M AP money in the 1990s, the private portion dropped even further—to 45 percent by last year, 50 percent when proprietary institutions are included. But that 50 percent serves only one-third of M AP recipients—one source of the resentment.

Though they never lobbied against the M AP awards, public university administra tors concede that, when their own budgets were bleeding, they weren’t focused on saving M AP. “It’s better for us to have the money come directly to us simply because the private shares in those dollars that go to ISAC (Illinois Student Assistance Commission),” said Chet Gardner, U of I’s vice president of academic affairs. “But we were concerned with the M AP awards to the private and public colleges, if the private M AP cuts were passed on to us.”

Indeed, one of the hardest hit campuses in the state was the University of Illinois at Chicago, which is using campus funds to compensate about 800 fifth-year students who lost their grants that was a huge bite,” said Chancellor Sylvia Mann in. “We didn’t allow for that. But I frankly could not imagine that we had any other choice. It’s a very short-sighted thing for the state to do.”

M annin and others are concerned that the combination of rising tuition and declining financial aid could, if the trend persists, jeopardize Illinois’ strong record on college affordability. “We have some students who have no resources to attend college,” said Joe Cipil, President and CEO of Illinois’ college savings plan, where the mean age is 31 and percent of students work.

“We have an ethical and moral responsibility to make higher education access a fundamental component of life in Illinois,” Cipil said. “As a they run out of M AP money, this affects our current population of students. Many individuals can’t determine weeks or months in advance that they can attend college. They’re often the individuals with the greatest need.”

Illinois families are already borrowing at high levels to attend college—Illinois ranks in the top five states nationally in student indebtedness. With this in mind, the IBHE at its A ugust meeting decided to team up with ISAC in establishing a committee on affordability to study the question and recommend a response.

State Representative E rwin knows the dilemma well. “If money is limited, what do you do? Stretch it out to help more people?” she asked. “My suggestion was that we lower the maximum award and also look at [cutting] other areas, like merit scholarships in the scheme of priorities,” it’s far more important to provide access to low-income students.”

With leaders of most of the state universities predicting more pressure to raise tuition, and with Democratic candidate for governor, Blagojevich floating the idea of a tuition freeze, the question is not going away.

Walter Wendler, chancellor of Southern Illinois U niversity, Carbondale, which posted the highest tuition hike this year, said low tuition has actually been the school’s weak point, and that it is now beginning to reach the right level. A fter the current year’s 18 percent climb, the Carbondale campus is planning for increases of 16 percent, eight percent, and six percent in the following years.

A t the U of I, student leaders have mounted surprisingly little resistance to the higher rates. In a student government office at the Urbana campus, three student leaders explained why: Felipe A nthony H illard, a U of I Chicago faculty-student sen ate leader who served on the campus’ tuition policy advisory committee, explained: “We said, we understand this is going to happen, so we might as well make sure financial aid is covered, students are not going to be gouged too much, and students are being informed.”

The tuition policy committee worked with administrators to make sure that the increase would be used to benefit students—through computer labs, career services, financial aid and other resources. H illard’s fellow junior, accounting major A ndrew E rskine, who chairs the governmental affairs wing of the student body, added, “Students are really concerned about the value of their degree.”

Student body president Sara B okhari had a similar take: “Our campus generally supports the tuition increase for higher education to keep the faculty we have. When students are asked, it’s often, ‘Would you rather pay less or have less faculty?’”

It is noteworthy that each of the three students is in a different position financially: H illard receives full financial aid; B okhari is fully supported by her parents, who have been saving for her college education ever since immigrating from Pakistan; and E rskine, whose parents have sent six kids to Illinois colleges, receives only $250 in aid, paying for the rest of his education with a combination of loans, help from his parents, and a 30-hour-a-week job waiting tables at a local restaurant.

Unlike the U of I, most institutions don’t have the resources to make up for the M AP cuts, and had to plan their tuition hikes accordingly. “Eighty percent of our student population is on financial aid,” said Chicago State President E lnor D ariel. “We didn’t want to price ourselves out of the market.”

Blagojevich’s campaign rhetoric has played well to an existing climate of suspicion surrounding high tuition. Newspapers have been critical of the increases. A nd many legislators, including R auschenberger, think the universities should find a way to live with less, not simply raise the portion of the budget pie that comes from tuition.

“Many of us are concerned that the M AP program is an excuse to raise tuition,” said A uschenberger. “We’ve been exceptionally generous and supportive of our M AP program. We took a one-year vacation because of extraordinary budget times, and the response we got form the universities was to raise their tuition.”

E ven Gerald Shea, chairman of the U niversity of Illinois’ Board of Trustees and a close friend of Governor R yan, had taken university administrators to task about using student tuition money as financial aid for other students.

Some professors are also suspicious of the “tuition discounting” practice, said Tom Conry, an engineering professor and chair of the U niversity’s Senate Conference. They look at the “M AP gap”—the tuition money used to compensate students whose financial aid was decreased—and see money that could have supported a faculty salary increase.

Faculty also suspect that the M AP money going to the privates is contributing to
Washington’s Fiscal Storm
Political and economic tides have converged against public higher education

By Kay Mills

Olympia, Washington

JUST AS THE BOOK and movie “The Perfect Storm” depicted a series of maritime events that could never happen at once—but did, with disastrous consequences—so have the political and economic tides converged against public higher education in Washington State.

Consider:
- For the first time, each of the state’s six public four-year universities and 34 community colleges was overenrolled this past academic year and again this fall. Still more students are on the way as more people move into the state.
- Washington’s economy lags behind even the sagging national picture. In addition to the severe downturn after last year’s terror attacks, the state’s economy was also battered by the dot.com implosion, Boeing’s layoffs, 2001’s earthquake in the Puget Sound area, and devastating forest fires in the center of the state. Unemployment helps to create higher college enrollments as people seek job retraining or the college education they had put off.
- A populist political mood has led voters to pass several ballot initiatives that limit state spending and reduce taxes. Washington has no state income tax, and this same populist spirit makes most politicians run from any proposals to change that. Several of the initiatives also have led to increased spending on elementary and secondary education, as well as on prisons leaving higher education with less.

Last spring, these forces converged in Olympia, the state capital. Washington has a two-year budget cycle, so in 2001 the legislature had passed budgets for both the 2002 and 2003 fiscal years. Faced with a $1.5 billion deficit last spring, the legislature cut 4.8 percent, or $68 million, from higher education’s $1.435 billion budget for 2003.

That cut led to tuition increases of 12 percent at two-year community and technical colleges and 14 to 16 percent at the state universities. Higher education spending is still slightly higher than it was a year ago, but costs are higher and enrollments are increasing.

Washington faces “such a discouraging (revenue) picture that I’m afraid the same thing is going to happen next year,” said state Senator Jeanne Kohl-Welles of Seattle, who chairs the Senate Higher Education Committee and also serves on the Ways and Means Committee.

State economic forecasters say Washington’s economy “appears to be nearing the end of the recession,” but that bit of good news has done little to untie the hands of Governor Gary Locke and the legislature, who are confronting many demands for state spending.

Marilyn Villegas and Omar Torres, students at Eastern Washington University, in Cheney, are already feeling the pinch. Villegas, a junior whose parents are farm workers, works 12 hours a week at the university admissions office and hopes she can make her combination of this work-study job, plus loans and scholarships, meet her growing expenses. “I apply for everything,” she said, but added that “it’s stressful having to find the money for food and books.” Books for the fall semester cost Villegas $300.

Torres, a senior from Bridgeport, Washington, also works in the admissions office. He, too, has a combination of scholarships and loans but knows that the tuition increase means he will not be able to afford extras like going out to eat or to the movies.

Last year, tuition and mandatory fees at Eastern Washington were $2,964. This year, with the 14 percent tuition increase, they will be $3,357. In addition, students must pay a $105 “technology fee” and a health services fee of about $120 a year. “Students say they are nicked and dimed to death” said Daniel Pugh, EWU’s dean of students.

Students will take more part-time jobs and will borrow more, said Wayne Sparks, financial aid director at Washington State University, in Pullman, one of the state’s two research universities (the other is the University of Washington, in Seattle). The average debt upon graduation from WSU is between $15,000 and $20,000, he said, adding that “if you have to pay back debt, you make different decisions—you may select a different career, you may not move out on your own as quickly or make a house payment as quickly or donate to your alma mater.”

Governor Locke and legislators would like to increase access to public higher education because demand is growing as the college-age population increases. The state also wants to meet employers’ needs for more graduates in high-demand fields, such as computer science. And the state higher education coordinating board would like to increase junior and senior enrollments because the state now ranks 46th in the nation in that category, based on data from the National Center for Education Statistics. But the money is not there to do all these things.

Last year, the universities and community colleges were overenrolled by 11,977 students—that is, there was no state funding for those students. On some campuses this led to fewer or larger class sections, as campus officials made cuts to accommodate the unsubsidized students.

In the past, the state’s need-based grant program was adjusted to match tuition increases but that did not happen this year. Tuition at the two research universities rose by $622, but the grants increased only $438. “Promise” scholarships, which are based on both merit and need, were trimmed by $2.4 million.

The financial squeeze means different things at different campuses.

The legislature cut state support for the University of Washington, the state’s flagship school, by $18.1 million last spring and authorized UW’s Board of Regents to raise tuition by 16 percent to $4,167 for an in-state undergraduate, plus $399 in mandatory fees, for a total of $4,566. Even so, UW still faced a budget deficit and did not grant a planned two percent faculty pay raise.

Sandra Silberstein, vice chair of the UW Faculty Senate, said that body had supported the pay raises and failure to receive them has left a bitter taste. “Everybody’s hurting, not just people in the humanities,” who usually feel the pain before others closer to market scale, such as professors in the health sciences.

Silberstein’s own English department, which she described as “the poster child for poor salaries and people leaving,” lost 11 faculty between 1998 and 2001, not counting retirements; two more departed last year. “It used to be we would lose people to private universities” she said. “Now we are just sliding so far behind that we are losing them to public universities as well.”

A result of these departures, Silberstein said, the department now offers fewer courses and classes are larger.

Vice Provost Harlan Patterson said that in general, University of Washington salaries are ten to 15 percent behind today’s academic market. “In 1993, we were basi-

The lack of a state income tax, combined with several ballot initiatives over the last ten years, has curbed government spending in Washington.

ally at market, maybe two to four percent behind,” he said. “People were willing to give a discount for the wonders of the Pacific Northwest.” But then came Initiative 601, limiting state spending, and the curve fell dramatically. That spending cut was never restored, even in good economic times.

“If we don’t figure out how to close the gap,” Patterson said, the university will lose significant members of its academic team. “If you lose hope that you can work somewhere and accomplish something, then you can find some place where you find the hope quotient higher.”

Afer enrolling 5,600 freshmen a year—more than anticipated—UW took steps to restrict freshman enrollment this...
Faced with a $1.5 billion deficit last spriRR ashton state legislature cut nearly five percent from higher education's budget for 2003.

would have been accepted in 2001 who were not accepted in 2002,” Enson said. “Students with lower GPA or SAT test scores could still get in if they were above the minimum standards—they just had to have something else going for them.”

A t the other end of the state, in Pullman, Washington State University took a cut of $16.6 million in state support, so its Board of Regents also raised tuition by 16 percent. Resident undergraduates are paying $571 more this fall than last, or $4,145 in tuition, plus a $375 “services and activities” fee, for a total of $4,520. As it did at the University of Washington, this increase comes on top of a 6.7 percent tuition hike the previous year.

Like their colleagues at U W, Washing- ton State faculty received no salary in- crease. Since salaries already lagged behind institutions that WSU considers to be its peers—places like the University of Illinois and Texas A & M—faculty morale has dipped, said Paul Whitney, chair of WSU’s psychology department.

When faculty leave, they might not be replaced. Whitney said his department is down by two positions. That affects class sizes. Typically, the introductory psychology class would consist of perhaps ten sections of 100 students each; now there are seven or eight sections, each with 125 students. “In larger classes, students get intimidat ed and don’t ask questions. Class interaction is reduced,” Whitney said. “You can’t spend 30 minutes outside of class working through some issues with a student. Yet, when we talk to alumni, that one-on-one contact is what they remember that mat tered.”

“We are losing the breadth of offerings to the students,” WSU Provost Robert Bates said. “Hiring a range of offerings allows students to find their interests—the world opens up to them at the university. A we erode our ability to present a reason- able palette of offerings, we lose something that American education is all about.”

On its Pullman campus, WSU has reduced the size of the chemical engineering department in order to start a bioengineering major. It also has dropped majors in range management and in recreation and leisure studies, which could lead to jobs in athletic clubs and other recreational programs.

Western Washington University, a popular campus perched above scenic Belling- ham Bay, near the Canadian border, has been overenrolled since 1990. This fall, Western is holding new enrollment to about 2,400 out of concern about class- room space and, therefore, about quality. Last year Western had 11,206 FTE’s (full- time equivalent students, the measuring stick for higher education enrollment), nearly 300 more than the state funded. Last spring the legislature cut Western’s budget by $4.9 million and the Board of Trustees increased tuition by 14 percent, to $3,408.

Western had been trying to increase faculty salaries by five percent a year but the budget cuts knocked that plan off course, said Robert G. E die, vice president for external affairs. Still, the university was determined to give some raises, so all cam- pus departments made reductions in order to provide faculty with a one percent pay raise. Last year university President Karen Morse also instituted a “soft freeze” on all hiring and equipment purchases.

“The state was already struggling be- fore 9/11,” Morse explained. Her instincts told her that “we were going to have some hard times in Washington state,” so she made cuts even before the legislature ac- ted.

Western Washington also is losing more faculty to other schools, with better pay scales, than in the past. Between 1990 and 1999, Western lost two or three professors a year, said Provost A ndrew R. Bodman; but from 1999 to 2001, the loss was ten a year. Last year, seven of the ten went to major universities, with pay increases that averaged $30,000. “A nd they’d have a lighter teaching load and the opportunity to work with Ph.D. students,” Bod- man said.

The other four-year schools in the state—Cen- tral Washington University, in Ellensburg, and Ever- green State College, in Olympia—also suffered budget cuts, and both in- creased tuition. Resident undergraduates at Central Washington now pay $3,498 in tuition and fees, up 13.9 percent from last year. A t Evergreen, small- est of the four-year schools, in-state students now pay $3,440 in tuition, an in- crease of $416 over last year.

The community college picture is much the same, and the two-year campuses must admit all students 18 and older, regardless of their academic background, on a first-come, first-served basis. Individual colleges determine how many stu- dents they can enroll. Students taking 15 credit hours at a Washington community or Technical college are paying $1,983 this year.

Last year, the two-year schools enrolled 9,400 more FTE’s than they received state money for. “What you do when you have that situation is you have larger class sizes, you don’t start new programs, you don’t hire as many new faculty, you hire more part-time faculty,” said E arl Hale, executive director of the state’s Board for Com- munity and Technical Colleges. Two-year colleges don’t have enough staff members to work with many students who are receiving financial aid. “In our policy terms, our system’s position is that low tuition policies are the best form of financial aid,” Hale said.

Tacoma Community College is among the schools trying to combat a critical shortage of reg- istered nurses. Washington has about 1,000 vacant nursing posi- tions and ranks 32nd out of the 50 states in the supply of nurses. But lack of space and shortage of qualified faculty hamper efforts to improve the situation.

At Tacoma, the nursing pro- gram is at capacity—60 students for each of the two years in the associate’s degree program. The school accepts only one of every four applicants and does not have space for additional classes, said Susan Ford, chair of the nursing program. Faculty pay is also a problem. “Two-year nurs- ing graduates make more money than part-time faculty,” she said. “Part-time with master’s degrees are making less money than they would make outside in hospitals or other health-related jobs.”

“We are doing more distance education to try to handle the demand,” Ford added. “But you can’t do a clinical simulation of what to do when someone has just been told they are going to die. The reason people want nurs- es is that human interaction.”

Tougher admissions standards at the universities are making it difficult for some community college graduates to transfer to a four-year campus, said M ichelle L. Johnson, president of the Pierce College campus at Fort Steilacoom. “If they do get in, they can’t get into their majors so they are taking (other) courses, biding their time, and it’s taking longer to graduate.”

The lack of a state income tax, com- bined with several ballot initiatives over the last ten years, has curbed government spending in Washington. In 1993, voters passed Initiative 601, requiring that Gen- eral Fund spending not exceed the com- bined average state population and infla- tion growth for the previous three years. The measure does not take into account the fact that caseloads and costs in some programs are growing faster than popula- tion and inflation.

In 2000, voters approved Initiative 728, requiring additional local school funding. Initiative 732, which mandated cost-of- living increases for elementary, secondary and community and technical college teachers but not for faculty at four-year schools A nti-crime measures passed in the late 1980s and early ’90s doubled prison spending. The combination of all of these initiatives has resulted in less money for the state’s public four-year colleges and universi- ties.

A year or so ago, Bill Gates, Sr. (not only the father of the Microsoft titan but also a civic leader and University of Wash- ington regent) spoke at a luncheon about the threats to higher education and to state productivity. Former governors D aniel J. Evans, a Republican, and Booth Gardner, a Democrat, heard Gates and met the next
day to try to start doing something about increasing both the operating and capital budgets for public higher education. They have formed the Higher Education Leadership Project, and they plan to commission a study comparing higher education in Washington with that in other states and evaluating its efficiency.  

Said Gardner, who was governor from 1985 to 1992, “It will be done by an outside source—not people in higher education. Then when we hit the legislature we’ll hear their comments and we can say, ‘Yes, we’re weak in that area and we’re addressing that, but here’s where these outside sources say we are meeting national norms or surpassing them.’”

E vans and Gardner also want to find a new way to pay for campus construction and maintenance. Money for repairs now comes from the schools’ operating budgets, so they “rob the area where they need it the most—instruction—to keep up with maintenance,” Gardner said. They also are seeking a guaranteed source of operating funds like having separate funds for everything,” said E vans, who was governor from 1965 to 1977 and later president of Evergreen State College. But he implied that since everyone else is doing that, higher education might need to do it, too.

Washington has had “almost eerily regular recessions starting in every year ending in zero since 1960,” E vans said. The state would come out of these recessions in the middle of each decade, then have good years toward the end of the decade. “In past years, that’s when higher education got well,” E vans said. “Until now.”

Governor Gary Locke also has named a commission, headed by Bill Gates, Sr., to look at what many people in the state consider to be an antiquated tax structure. Then it’s due December 30. Educators and politicians alike say that higher education must do a better job of presenting its case in Olympia. Western Washington University’s Robert Eide, who was the state senate budget director in the 1980s and later a university of Washington lobbyist, said changing demographics, the importance of technology and the need for job retraining are powerful trends that lead him to be “bullish on the future of higher education” in the state. “Our job is to stop whining and learn how to ride these trends.”

To too many politicians do not understand what an economic downturn of the University of Washington and other schools are, said Senator Kohl-Welles, adding that too many members of the public think that tuition alone pays for higher education. “I don’t want to cut enrollment” to get people’s attention, she added. “When I mentioned that at the D emocrats’ that people blanched and said, ‘but my son is about to start college.’ People aren’t going to know what happens to higher education until their kids can’t get in.”

A representative Phyllis Gutiérrez Kenney of Seattle, who chairs the higher education committee in the state’s house of representatives, said, “we have not done a good job of telling the public how we fund higher education and what higher education contributes to the state.” If the situation is not corrected, she added, “I don’t see in- come and minority students will be hurt because, too often, they are the ones not well enough prepared for college. “Now, if you are requiring a 2.5 GPA and higher, you are eliminating people who may have potential but don’t have the background.” Washington’s fiscal storm seems to be far from abating. Said the University of Washington’s Sandra Silberstein, “Where are we in this national tax revolt? What arguments do you make to the citizenry about the importance of higher education? Having an educated citizenry is the only thing that protects democracy. Is that too difficult an argument to make? A re we trapped into talking only about economics?”

Professors and administrators repeatedly cited the economic argument—that higher education helps fuel growth, especially in the technological fields in which the State of Washington has been a leader. But they feel the public does not understand that role and is not willing to pay for it. “This financial situation is choking the economic future of the state,” said Paul Whitney, the Washington State University psychology professor. “If the state wants the average job to be a $75-an-hour job at the mall and the state revenues to be what taxes are paid on that income, that’s one thing. We can become Mississippi if we want to, but I don’t think we want to.”

*former Los Angeles Times editorial writer Kay Mills is the author of four books, including one on the federal Head Start program.*
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percent of aid, he said.

Ironically, students like A dams seem to find reassurance in the numbers. “Everyone else is going to have to borrow like a little bit of student aid and live comfortably?” she figured, echoing many of her classmates. Almost no one would suggest that education is a poor investment. But some educators are concerned about the trend toward greater borrowing, and say it underscores a widespread need to promote financial literacy and better choices by both policymakers and students themselves.

“There is no evidence that the typical student or a majority of students are over-borrowing,” said Sandra Bauman, professor of economics at Skidmore College and co-author of the National Student Loan Survey, sponsored by the lender Neliee $ mae. Nonetheless, Bauman said, “I think we need to be concerned because students frequently don’t understand what they’re getting into.”

A 1996 survey of 443 graduating seniors at Iowa State University, for instance, found that nearly 29 percent didn’t know the extent of their debt, yet nearly 45 percent had “little concern” about paying it off. Some students overestimated the amount of their loan payments, while others underestimated them.

The results didn’t surprise Tahira K Hira, professor of personal finance at Iowa State, who conducted the survey.

“We as adults make it very easy for [students] to borrow money,” said Hira. As a result, she said, many students borrow more than they really need for their college education. “I think the consequences are widespread and long-term,” said Hira.

“The simple way to put it is that they will have debts to pay for a long time.”

“Everyone else is going to have debt, so why not take on loans and live comfortably?”

—Christina Adams
A student at the University of Montana

“Some of these people are going to be paying their own loans while their kids are in college,” said Patrick Callan, president of the National Center for Public Policy and Higher Education, which publishes National Cross-Talk. That has potential ramifications not only for those who have borrowed during high school education, he said, since adults saddled with high debt might be less sympathetic to the next generation of college students, and less inclined to support educational institutions.

That could be the case for Nate Biehl. Montana graduate student Biehl, 26, estimates he’ll owe “closer to $30,000 than $20,000” by the time he hopes to graduate from the University of Montana’s School of Journalism in May 2004 and go into broadcasting.

Not that he’s complaining. “I figure that’s the price of an education,” said Biehl, who studied film and music at Montana State University in Bozeman and interned at Red Wind Technical College in Minnesota before enrolling at UM, where he finally has gotten serious about both school and work. Still, he regrets his earlier behavior. “I’ve been pretty cavalier about borrowing money in the past because I didn’t understand the weight of it,” admitted Biehl. His father, who works for the National Guard, and his mother, a middle school music teacher, handled most of the financial arrangements for his earlier college experiences; he just signed on the dotted line. “I really wish that at a certain point I’d sat down and thought about what I was doing,” he said.

Instead, said Biehl, “I totally wasted that money.”

Since enrolling at UM in January 2002, Biehl has been making ends meet through loans, grants, the G I bill (he’s in his third year of active duty in the Army National Guard), food stamps, a small payout from a car accident, earnings from his monthly weekend in the National Guard and from a part-time job as a newsie for the local public radio affiliate. His wife is a stay-at-home mom. It is not an easy road, but Biehl is convinced that it will pay off—literally. “I’d rather owe money and be able to pay it than work in carpentry for the rest of my life and struggle to pay the bills,” he said.

That, of course, is the whole idea behind student loans—to help students invest in their future. And for the most part, the system works. A cording to the U.S. Department of Education’s National Center for Educational Statistics, in 1999-2000, more than 60 percent of all bachelor’s degree recipients graduated with some federal student loan debt; the median amount they borrowed was $15,375 at public institutions and $17,250 at private colleges and universities.

That amounts to a lot of money, said economist Bauman. “But lots of kids go out and borrow money to buy a car, and no one is panicked about that.”

“All evidence so far suggests that [debt burden] does not have a measurable impact on educational outcomes,” continued Bauman. “I think that, relative to all the other obligations out there, it’s still not that big.”

Even though indebtedness is increasing, the student federal loan default rate in the fiscal year 2000 was only 5.9 percent, down from 22.4 percent in 1990.

Still, according to Bauman (who is currently analyzing results of the latest survey), debt levels are increasing quite rapidly—so it behooves society to get a handle on them. “Whenever you borrow, you should get a statement that says very clearly, ‘If you are borrowing for the amount of money, and when this loan comes due, this is how much you will have to repay every month.’”

Generally speaking, that is not what happens. Students who want federal financial aid are required to go through entrance counseling, a brief primer on the rules and responsibilities of borrowing, and sign a master promissory note, good for multiple years. A t the beginning of each calendar year, students must fill out a new Free Application for Federal Student Aid (FAFSA), but usually it is not until they go through exit counseling just prior to graduation that they have to face their loan totals and estimated monthly payments.

Increasingly, there is no personal contact at all; the counseling forms are handled through the mail or over the Internet.

The University of Montana, for instance, once required students to attend an entrance-counseling session. But these days, nearly all UM students do their entrance counseling online.

But no matter how it’s done, many students say the information goes in one ear and out the other. “The problem with entrance counseling,” noted Jacqueline King, director of the American Council on Education’s Center for Policy Analysis, “is that the student is not paying close attention. It’s like the lecture on alcohol before you’ve had your first beer.”

Christina A dams could not even remember whether she completed her entrance counseling over the Internet or by phone, let alone recall any of the questions or answers.

Securing private loans totaling $22,408 was remarkably simple once her parents co-signed for them, she said. “I was kind of surprised that [the bank] would let you choose the amount and then they didn’t say, ‘Oh, that’s too much.’ They just said, ‘Okay, here.’”

A dams said she has never discussed financial planning with her parents, who are postal workers in Cody, Wyoming. Nor does she recall anyone ever discouraging her from borrowing.

That is fairly typical, said Iowa State University professor Hira, who blames parents and society in general for failing to educate young people about financial management. Expecting students to navigate the complex world of loans, credit cards and debt without any prior training is akin to letting people drive without first taking driver’s education, she said.

“We focus a lot on teaching people how to earn,” noted Hira. “But we don’t teach them how to manage those earnings.”

Like adults, she said, students have a tendency to spend carelessly. “If a kid is walking out of college with $40,000 worth of debt, I would ask myself if that $40,000 is really, purely college-related expense.”

A cording to her 1996 survey, the answer often is no. More than half of the students surveyed said that college loans helped them pursue a “playful lifestyle” in another, as-yet unpublished survey, 42 percent of students said they spent a portion of a loan without need; 44 percent said they shopped to celebrate; and 49.5 percent said they bought things they would not use.

Those students likely are using credit cards to finance some of their purchases. And in another survey, the National Center for Education Statistics in 1999-2000, about 29 percent of students took out loans, while 70 percent had at least one credit card. In and of themselves, credit cards are not a problem, said A CE’s Jacqueline King. But, she warned, “A credit card morphs into a student loan when you carry a balance.”

Like 45 percent of undergraduate cardholders, UM senior A dams is doing just that. Until last winter, she had always been careful to pay off her card. But in December, her car broke down. Cost of repairs: $1,500. Then her second-quarter loans didn’t come through in time to pay January rent, so she took out a cash advance. There were also grocery and gas bills. A dams said she and her roommates were a couple of trips—a winter-break escape to Florida and a spring-break visit with an old friend in Boston, where she charged $300 worth of clothes. A dams current balance is about $5,000.

“There is no such thing as living like a poor student anymore,” said Hira, whose latest survey at a major midwestern university found that, on average, a student who has $2,000 worth of student loans is carrying an additional $4,000 of debt—from credit cards, car personal loans, and the like. “It’s very easy to extrapolate that they are living beyond their means when they are piling on the debt.”

University of Montana financial aid director Rick H anson said he sees a similar pattern at his institution.

“Some of these students are really struggling,” acknowledged Hanson. But, he said, are far too careless with their funding—like the three students who, separately, dropped by his office one day in mid September, looking for a short-term loan to tide them over because they had already spent the aid money that was supposed to last them the entire semester. Or the young second-semester senior, already $43,000 in debt, who had such bad credit that H anson had to tell him the university was rescinding its offer of a $1,500 Federal Perkins loan that would have helped her complete her education.

Cases like those have prompted H anson to begin developing a computer program that will notify him when students

continued next page
It is a precept as old as parenting itself: Do as I say, not as I do. It follows us into adulthood, into professional and public life—a sustaining habit of favoring proclamation over action that inevitably leads to a disassociation of policy and practice.

For more than three decades public policy toward American higher education has derived from principles that are broadly understood, if unevenly applied: that a collegiate education ought to be available to anyone who seeks to learn, regardless of educational background, ethnicity or economic circumstance; that higher education should be affordable, personally rewarding, and conducive to a broader social contract linking education to the public weal. To this catalog there have been added other convictions, notably that colleges and universities ought to be publicly accountable for the quality of the educations they provide as well as the prices they charge.

Those goals notwithstanding, for three decades colleges and universities have consistently increased tuition faster than the rate of inflation; they have successfully avoided the kind of public accountability that has become the hallmark of primary through secondary education; and, with the exception of community colleges, they have almost uniformly sought the competitive advantages more selective admissions confer. American higher education has achieved its greatest success in the conferring of personal rewards—to the extent that a college education has become the principal if not the sole means of personal economic advancement.

Higher education leaders and public officials have been co-dependent agents in a process that has transformed practices without redefining policy. Both have essentially looked the other way as states accorded smaller shares of their total budgets to higher education, and institutions increased tuition and other costs faster than inflation. Even though state appropriations to public institutions as a whole have increased 13 percent in constant dollars per student between 1980 and 1998, state funding has declined as a proportion of the budget of public colleges and universities.

In seeking expanded sources of revenue to pursue new opportunities, universities and colleges have helped shift a greater share of the cost of higher education to students and their families, effectively raising the barriers of affordability for many. It is the market that increasingly supplies the funds by which institutions both sustain current operations and invest in new ventures—a lesson whose importance has not been lost on either institutions or their student-consumers.

In the process, what has become increasingly clear as well is that educational performance in the public interest and institutional performance are not one in the same. One event that has helped cast these differences in sharp relief is the publication and subsequent response to Measuring Up 2000: The State-by-State Report Card for Higher Education. This report card, published by the National Center for Public Policy and Higher Education, provides a first attempt to gauge how well each state’s educational system has collectively served the public interest in five broad categories: preparation, affordability, participation, completion, and the benefits higher education confers to a state and its citizens.

The report card helped underscore the differences that exist between statewide performance on matters of broad public interest on the one hand, and conventional measures of institutional performance on the other. In the first edition of the report card, only five states received an A for affordability, only seven received an A for participation, and just one state, Illinois, received an A in both categories. The nation’s overall grade in 2000 was a C for affordability and a C for participation. In the report card’s 2002 edition, the grades of most states on these measures remained decidedly average.

While the report card measures the performance of states in terms of how well the public is served, colleges and universities—and by extension the men and women who manage and lead them—are being evaluated by measures of a different devising. For these purposes, what is important is an institution’s visibility and prestige, its capacity to compete for students, for faculty, for research dollars, and even for athletes. For presidents in particular, what matters most is institution building—and if that has come to mean succeeding in an increasingly competitive market, so be it!

What has been occurring through the past 30 years is an incremental but steady privatization of higher education. The pipeline that would fund public purposes does not abound with dollars. For institutions, the most promising source of new dollars is the private sector, and those funds most often target the achievement of institutional purposes and competitive advantage. The experiences of states and institutions through this period have helped delineate more clearly what markets can and cannot achieve—and by extension, the kinds of roles public policy must resume or so be it!
develop as markets come to represent the most promising resource for institutions seeking to achieve new goals.

Experience has taught that institutions are most likely to pursue a public agenda when the focus is on the creation of assets, yielding the possibility of more faculty in particular areas, the development of new programs, or the expansion of programs currently in place. The problem confronting public policy in a time of budget contraction is to engage the interests of institutions in refocusing the use of assets they currently have.

A starting point for all such discussions is to pose a fundamental set of questions concerning the relationship of higher education institutions to their states: To the extent a state pays to support a system of universities and colleges, what should that state expect in return? What obligations do a state’s colleges and universities, both public and private, assume in return for the financial support they receive? Can or should policymakers expect the institutions supported by public funds to fulfill publicly enumerated goals and purposes? And, not least, can public officials be held accountable for how well their state’s institutions of higher education serve the public interest?

Our answers to these questions derive from a Roundtable on Leadership and Public Purposes, convened jointly by the National Center for Public Policy and Higher Education and the Knight Collaborative in June 2002. Our premise was that the chemistry of any successful initiative to achieve better alignment between policy and practice would involve both presidents of institutions and policymakers as primary agents of change. Accordingly, our roundtable included those with extensive policy experience in a variety of state environments, as well as current and former presidents of a range of institutions both public and private.

**Practice Without Policy**

Anyone seasoned in the workings of public policy knows that the alignment of a state’s public purposes with the behavior of institutions is often tangential. One phenomenon that helped impart the appearance of unified purpose was the substantial growth in higher education enrollments that occurred from the 1950s through the ’70s. In the course of those decades, the number of four-year public institutions increased from 344 to 426; in the same period, the number of public two-year institutions increased from 297 to 634. It was a period in which public purposes and institutional purposes fell naturally into accord. Providing access to a quality higher education was the central theme of public policy, and expanded capacity was the means of achieving it. Institution building benefited the interests of students and of higher education, while also achieving a central component of a state’s public policy objectives.

Even today, the challenge of institution building confronts several states in which the demand for higher education exceeds current capacity. As most state systems of higher education have come to attain sufficient capacity, however, the alignment of public and institutional purposes has become less clear. Growth makes it possible to entertain several related goals in the assurance that the competition among them is small to nonexistent. In times of budget contraction, however, the differences between an institutional and public agenda stand out in sharper relief. The relationship of institutional behavior to a state’s public agenda is now less obvious, as the challenge facing most public officials has shifted from capacity building to capacity utilization.

With very few exceptions, this shift has evolved without sustained...
public discussion of what should constitute the public interest in higher education following the era of capacity building. In the absence of such discussions, determining both the level and distribution of a state’s funding of its universities and colleges becomes a matter of inertia as interpreted through the prism of individual politics and personalities. No less than the colleges and universities they monitor, public agencies responsible for higher education policy have themselves become institutions—with all the ingrained customs and behaviors the term implies. As with institutions of every stripe, once the machinery of governance is set in motion, it becomes increasingly difficult to alter course. What happened last year becomes the basis for deciding what will happen this year and next—a self-repeating cycle that only occasionally takes note of changed circumstances or new leadership.

The result is a condition once described in these pages as “getting policy without making policy”—an environment in which a state’s higher education policy is the net result of budget negotiations, without reference to any larger framework describing educational ends. To proceed in the absence of stated policy is often a conscious, if unspoken, policy choice; taking this stance helps prevent latent differences from coming to the surface in public debate.

In the absence of deliberate policy, discretionary choice and individual pursuit of opportunity—often described as the workings of markets—become increasingly powerful forces determining the shape and direction of a state’s higher education institutions. One expression of this phenomenon is the declining power of many state systems of higher education to oversee or contain the growth and ambitions of individual institutions within a state. A particularly telling example can be seen in the dismantling of the Florida Board of Regents, leaving individual institutions in that state with greater autonomy to compete with one another in a Darwinian battle to build research programs and inch forward on traditional scales of prestige.

It is not that states have forgotten about their higher education institutions. The appropriations for salaries, operations, capital construction and equipment continue to account for substantial shares of every state’s budget. The problem is that those with public responsibility, for the most part, lack an agreed-upon agenda, and are pursuing instead a variety of maintenance agendas that are themselves products of habit and history, and that accord the greatest funding to institutions and students who are most advantaged.

At the same time, and perhaps ironically, public officials over the last decade have intensified their complaints about higher education’s performance in general and the failings of colleges and universities in particular. Too much attention is paid to research, and too much of it is esoteric. Teaching and learning get short shrift. At best, faculty are indifferent to the wants and needs of students who pursue a college education principally as preparation for work. Too often institutions are consumed by their quest for the icons of prestige. Too much time is spent in pursuit of institutional agendas. And yet, no matter how pointed their concerns about the quality of education that undergraduates receive in research universities, most states allot funding to such institutions in much greater degree than to those whose mission, and hence central focus, is the teaching of undergraduates.

The same disparity can be seen in the call for stronger partnerships between publicly supported colleges and universities on the one hand, and primary and secondary schools on the other. Despite the rhetorical support of programs designed to improve college preparation, participation and completion, there are embarrassingly few instances of a state actually aligning its resources to effect the building of such partnerships. Those institutions that work to advance the public interest experience neither better nor worse rewards from a state than do competing institutions that have not given priority to public purpose.

Inevitably, albeit quietly, most leaders within higher education have come to doubt the conviction underlying those protestations of public purpose. An institutional leader does not need rocket science to parse which priorities ought to matter most, given the disparity between the funding states allot to their research universities, comprehensive institutions, and community colleges. On most campuses—and certainly in the offices of the president and those responsible for governmental relations—it is well understood that the state allots upwards of 95 percent of the public monies it annually invests in higher education to maintain that which has already been built.

The question that is almost never asked, by either presidents or policymakers is: Would a major recasting of such funding patterns yield a set of institutions more responsive to public purposes? In lieu of addressing that question, the decisions public officials make are largely confined to the mechanics of reallocation, weighing the state’s appropriation to higher education against an array of competing claims for state funds. The fundamental question—To what end?—is simply not on the table.

In seeking expanded sources of revenue to pursue new opportunities, universities and colleges have helped shift a greater share of the cost of higher education to students and their families, effectively raising the barriers of affordability for many.

Presidential Agendas

Nor do broad discussions of higher education’s public purposes appear on many presidential agendas. Measuring Up met a deafening silence on college campuses everywhere. Leaders of private institutions largely interpreted the report card’s grades as reflecting on the quality of their
The problem is that those with public responsibility, for the most part, lack an agreed-upon agenda, pursuing instead a variety of maintenance agendas that are themselves products of habit and history, and that accord the greatest funding to institutions and students who are most advantaged. President it means such things as building endowment, increasing faculty salaries, and better branding the institution’s products. For many regional comprehensive universities, it means building and expanding graduate programs and winning more external research dollars in order to advance the institution another notch toward research university status. With regard to students, the president’s performance objective is often to lead a process of making the institution more selective. Colleges and universities have become remarkably adept at saying no to more students and calling it success.

While a president may give a personal stamp to an institution’s strategies and tactics, much of the chief executive’s role consists of helping generate funds to support an agenda of such long standing, with roots so deep in the institution as to seem immutable. The sheer inertia of institutional aspiration often makes presidents reluctant to embark on a course of action that departs substantially from the direction an institution has already indicated it wishes to pursue.

This pressure also helps explain the relative scarcity of those who use their presidencies as bully pulpit’s to help define public purpose. A set of focus groups recently conducted by the National Center for Postsecondary Improvement (NCPI) suggested that even those presidents who do speak out on behalf of larger causes understand they are not likely to be taken seriously when they do so. Most audiences appear to think that presidents champion public causes only to burnish their own or their institution’s public persona. Like their counterparts in the business world, presidents are expected to become CEOs, applying their managerial and executive skills to pursue institutional goals and agendas while making sure that the enterprises they lead are financially successful and expansive.

**Getting There First**

Still, on occasion, college and university presidents can become active agents in the formulation of public policies, particularly when they and their institutions have focused on the details of governmental appropriation. By the kinds of data they collect and analyze, institutions often come to see emerging trends that have implications for how a state funds its universities and colleges. Institutions that enroll greater numbers of returning adult students and deliver more education through electronic means, for
example, have been the first to understand that state funding formulas based on full-time enrollments—or even contact hours in the classroom—work against the ways in which many students actually attain their college degrees.

In one example, data that community colleges gathered on the number of students completing their high school education through General Education Development (GED) tests helped refocus state priorities to encourage more students to earn their high school degree—and then proceed to pursue further study, most likely at a community college. It is an example of a group of organized presidents getting there first—helping draw the attention of public officials to matters that entail a rethinking of the mechanisms, and to some extent the purposes, of public appropriations for higher education.

Another example of the same phenomenon can be seen in a series of initiatives first undertaken by presidents some 20 years ago, some of which began to attain visible momentum through the past decade. While the particular focus of these activities varied, the impetus for each was a common presidential conviction of the need to engage undergraduates more fully in developing the values of citizenship and service to society. Small but significant numbers of presidents came to observe that the nation as a whole had begun to neglect one of its great strengths, which was the willingness of its citizens to help one another.

Collectively these initiatives, spearheaded by college and university presidents, served as a reminder that fostering the values of citizenship and service is an important part of the education their institutions provide. The point was—and is—that civic engagement means advancing precept into practice, helping students translate personal values into actions that serve societal needs in addition to benefiting themselves.

As more universities and colleges became involved in programs of this sort, it became evident that two things would have to occur if such efforts were to achieve full potential: First, a given program would need to link directly to the academic core of the institution; and second, a program would need to establish direct ties to the public policy agenda of the state.

Experience has also shown that in order to realize the second of these conditions, institutions and state policymakers must work together to create an infrastructure that will advance a given set of initiatives—not just in institutions but in the workings of public policy. Within any state, that infrastructure must consist of two things: a forum that makes it possible to advance and debate an issue in the realm of public discussion; and a vision and strategy for translating the purposes identified into actions, in state policy as well as in institutions.

Campus Compact is perhaps the largest and most visible result of those earlier presidential initiatives to foster increased commitment to service and civic engagement as educational values. This is an initiative that can best be described as a glass half full. Twenty years after its founding, more than 750 colleges and universities throughout the U.S. claim membership in this organization; of these, possibly one-third are significantly engaged—which is to say, they have actively sought to build the necessary links to their academic programs and to their state’s policy objectives. Even for these institutions, however, Campus Compact does not require a substantial redirection of financial resources or human energies. Most institutions find it comparatively easy to belong, and to reap the symbolic benefit of participating, without significantly altering much of anything.

The glass is half full, as opposed to half empty, in the sense that Campus Compact and other such programs demonstrate that there are presidents who seek to be more than just CEOs and institution builders. Such programs offer a hopeful prospect of a kind of engagement that could be expanded through purposeful commitment of institutions in conjunction with state public officials. Collectively they offer examples of college and university presidents getting there first—becoming the drivers of an agenda that ultimately seeks to engage state public officials in the fulfillment of objectives that are important both to higher education institutions and to the public weal.

In principle, however, the more likely first movers are a state’s elected officials and policymakers, precisely because they have the power of the purse. They also have the advantage of a relatively broad consensus as to the stated goals of publicly supported higher education. What they say they seek is easily enumerated: broad access, economic development, a publicly engaged citizenry, a skilled workforce, and research that promotes improved standards of living.

The difficulty lies not in the rhetorical support accorded this agenda, but rather in its implementation—in the translation of this specific set of public purposes into the day-to-day activities and behaviors that collectively define institutional goals and direction. What is required is a set of public initiatives that institutions can perceive as being in their own interests to pursue. Part of the challenge, then, is identifying the areas in which the interests of public officials and institutional leaders overlap as a basis for collaborative approaches to achieving broadly shared public purposes.

A well-funded, well-formulated state initiative can give presidents the kind of framework and authority needed to enlist their own campuses in what must come to be seen as a common cause. The questions then become: How can public officials frame an agenda in a way that makes it sensible for presidents to take up an issue and move it forward? What are the public...
policy issues on which presidents are best suited to lead? And, what incentives and other inducements can public officials create that make it impossible for institution builders not to pay attention?

Finally, a question that can form a central axis in the dynamic between policymakers and institutional leaders is the role that data can play in shaping and advancing an agenda of public purposes. One of the lessons Measuring Up’s report card teaches is the power of having real data, and hence concrete measures, of how well the stated goals are in fact being achieved. At the same time, the response to the report card shows the ease with which data can be devalued or dismissed out of hand if the measures do not correspond with an institution’s—or a state’s—own sense of where it is going and what it needs to know.

States that have taken the report card seriously have begun to ask different kinds of questions and consider alternative policies and programs. What has not yet happened in any substantial degree is the extension of this process to institutions, whose practices will determine in part how well a state achieves the kinds of purposes the report card helps to gauge. Comparatively few state officials have created an environment that leads an institution to ask different questions of itself or its principal constituencies.

ASKING THE QUESTIONS
A pair of practical examples can help make the point. Among the many areas in which higher education has the capacity to effect significant improvement in the well-being of a state, two are of particular importance: adult literacy, and public primary and secondary education. No state can hope to make significant improvements in its educational, civic and economic vitality if one-third or more of its adult population lacks basic literacy skills. By the same token, no state can hope to improve its students’ preparation for higher education without dramatically improving the quality of education provided in its primary and secondary schools. Both of these challenges represent opportunities in which higher education can play a substantial role.

If the governor and legislature were to engage a state’s higher education institutions in a process of reaching these goals through collaboration with schools, businesses and other players, institutional leaders would find it in their interests to contribute to these goals, far more than they do in the absence of such initiatives. Changing institutional behavior falls more squarely within the realm of possibility if a state can establish one or two strong priorities that serve to focus the resources and energies of higher education institutions and other stakeholders. The challenge facing state policymakers is the defining of public initiatives that in fact promise real progress in these domains.

Building a better alignment between the challenges of public policy and the agenda of higher education institutions is no simple task, and there can be no generic approach to the process, given the differences in the policy environments of states themselves. The extent of a governor’s power, the role and strength of a state’s higher education governing or coordinating board, the mix of public and private institutions, the amount of resources directed to higher education, the demographics of a state and its rate of population growth—all are factors that shape the dynamic between public policy and the workings of a state’s colleges and universities.

In the face of such variations, specific recommendations are difficult to make. What can be compelling for any state and any institution, however, is a series of questions, the answers to which can provide a telling portrait of how effectively the state’s policy environment aligns with the objectives of its higher education institutions. They are tough questions that may give pause to public officials and campus presidents alike:

For Public Officials
• How explicitly has the state identified and communicated the purposes it wishes to achieve through its higher education institutions?
For Institutional Leaders

- Through what programs and initiatives does the institution actively serve the public interests of a state and its citizens?
- To what extent are the institution’s initiatives on behalf of the public agenda understood and affirmed throughout the institution?
- Does the fulfillment of the purposes identified engage a broad cross-section of the faculty, staff and administration, or is it relegated to a small number of units and individuals? Does the initiative’s symbolic value exceed the institution’s actual investment of time and financial resources to fulfill an objective?
- To what extent have the institution’s efforts to advance the public well-being occasioned changes in the priorities of the institution’s academic core?
- What steps has the institution taken to build the forum for debate and the partnerships that give an issue traction in the arenas of public policy? To what extent has the institution succeeded in getting there first—providing the leadership and coalition building required to advance an issue in the public agenda?
- To what extent has the institution collected data to gauge its performance in advancing a state’s public purposes? What kinds of data has it collected, and how have those data helped change priorities and behavior in the institution?

The Power of Collaboration

A common way of deflecting any initiative that involves changing behavior is to say that the time is not right. In times of economic scarcity, many are heard to observe that reform requires dollars that neither states nor institutions have. In times of plenty, the common wisdom holds that institutions have no incentive to change, and that a good recession is the prerequisite to any serious reform.

Public policy is a necessary but not a sufficient condition for changing the behavior of institutions. As institution builders, university and college presidents naturally respond to the wants and needs, both implicit and explicit, of the institutions they lead. Public policy and the pressures of public expectation make up part of that environment, but, as it turns out, they are only occasionally generators of presidential priorities. No public policy initiative has ever succeeded by simply appealing to a president’s instincts to do the right thing.

It is collaboration between higher education leaders and public officials that holds the most important key to success in advancing a state’s public purposes. The most practical way of beginning is to identify those areas where the interests of public officials and presidents overlap, and then to ask: What changes in incentives, what approaches to collaborative engagement, what funding mechanisms, what measures of performance would make it impossible for institutions not to engage in a state’s public agenda?

We conceive a model approach as being one that brings a broad range of players to the table to define a state’s public policy objectives and the roles that its universities and colleges can play in achieving them. For any given state, the process would include the governor, key legislators, the head of the state’s governing or coordinating board, and presidents of as many colleges and universities as it is possible to convene at a given time, in addition to business and civic leaders.

More than simply appealing to the presidents’ better instincts, a model approach would involve understanding just where the state stands in terms of key measures of public performance; setting statewide goals for improvement; and creating action plans to achieve those goals—programs that make it possible for institutions to play explicit roles that correspond to their own areas of strength in helping achieve a state’s civic and economic polity. Some states have actively sought to build the partnerships that help achieve broader policy goals that serve the public interest. Missouri, North Dakota, Oklahoma and South Dakota have each convened statewide forums that engage public officials as well as institutional leaders. These forums have helped define a common vision to
address the educational challenges each state faces. In North Dakota, that process has yielded a broadly shared conviction that a key role of the state’s higher education system is to promote the diversification and continued vitality of the state’s economy. South Dakota has applied the technique of a periodic statewide roundtable as effectively as any setting in the nation for the purpose of identifying and gauging continued progress in meeting the state’s educational objectives. Oklahoma has convened discussions that center on its report card scores in framing the roles of higher education, K–12 schools, business leaders and public officials in improving the state’s overall educational performance.

Convening the dialogues is an important step in the larger process of forming partnerships that allow a state to move forward in advancing public purposes in conjunction with its colleges and universities. The lesson of many roundtables, however, is that good talk in itself does not complete the tasks at hand. The challenge in any setting is to proceed beyond agreements in principle—to forge the working partnerships and action strategies that allow a state to make headway on these issues.

It is collaboration between higher education leaders and public officials that holds the most important key to success in advancing a state’s public purposes.

**Two Last Subsuming Questions**

Perhaps the toughest questions are those that public officials and campus presidents need to ask of themselves. For nearly 30 years now, most states have tended to solve short-term budget problems by curtailing their rates of investment in higher education and then allowing institutions to augment their revenues by increasing tuition and fees. The result is that universities and colleges have become market enterprises increasingly dependent on their own ability to compete for student enrollments, research grants and service contracts to fulfill their own agendas. What public officials need to recognize is that markets reward individuals and enterprises and only very indirectly public purpose.

The most difficult question those officials must ask themselves is this: If a state is not prepared to allocate the resources it does invest more directly toward the achievement of public purposes, can it realistically expect higher education institutions to include such goals among their own priorities?

For presidents the fundamental question that needs to be asked requires less of a preamble. What every president needs to ask in the candor of the mirror each morning is: Do I really want to be just a CEO? Are the challenges and rewards of leadership wholly confined to managing the enterprise—building its revenues, improving its branding, burnishing its image? What is the possibility that there are sufficient allies within the institution—among faculty, students, staff and governing board—who want and expect the institution to be more, to be truly in the public interest? What would it take to make me a first mover? ◆
from preceding page

appear to be on track to borrow more than a specific amount—say, $25,000—by the time they graduate. Then they’ll have to meet personally with Hanson before any additional financial aid money is released.

“I want to help students get a degree very badly,” said Hanson. “I just don’t want them to graduate with so much debt that they have to reduce their lifestyle to less than it was during college.”

Hanson is not alone in his concerns. Many universities and colleges across the country—including Stanford, the University of Iowa and Ohio State—now offer personal financial management courses. The University of Montana doesn’t offer such a course, but Hanson wishes it did.

“The reality is that we do have to worry about this because it affects students’ performance,” said ACE’s Jacqueline King, author of “Cruel Choices: How Students’ Financial Decisions Affect Their Academic Success,” which was published in June.

But the best financial choices aren’t always obvious. King’s study, for instance, suggests that overborrowing is not the only potential pitfall that students face. “There are two bad things you can do: one is to borrow too much—to not pay attention, to not economize,” said King. “But it’s also not a good idea to not borrow if what that means is that you’re going to have to work 25 or 30 hours a week.”

Work, said King, is the most common financing strategy that students use. In a given year, about a third of all undergraduates borrow to finance their education. Meanwhile, 80 percent of all undergraduates work.

“A nd those students work a lot of hours—more than they probably should, lem that there are people not borrowing enough and working too much while in school.”

But that’s not the way Lih Le thinks. What she knows is that “loans are a big no-no.” So Le, 21, chose to take a year off from college to work full-time at Wal-mart, where she earns $7 per hour, instead of borrowing to continue her education at U M, where she would have been a junior. “It was too risky to do loans—the fact that I might not be able to pay them back,” Le said.

For most of her freshman and sophomore years, Le lived at home, and paid for her education with a combination of grants, scholarships, a $1,400 loan from her parents, and a 16-hour-per-week job. But for personal reasons, she moved out of her parents’ home in February, and began living expenses ($225 per month in rent, plus phone, electricity, and food), orthodontist’s bills and car insurance, Le has been feeling the pinch. Yet she refuses to ask her parents, both immigrants from Southeast A sia, for financial help. “They worked hard enough as it is just when they came to the U nited States” she said. However, Le has assured them that she will return to school and complete her degree.

But by stopping out, Le not only has postponed the higher wage she could earn with a college degree, she has also put herself at risk of not completing her education, said ACE’s Jacqueline King. Students’ situations may vary, so there are no hard and fast rules about staying in school, said King, but “there’s definitely something to be said for momentum.”

That is Sandy Schell-Bergman’s philosophy. The 21-year-old U M junior is so budget-conscious that she burst into tears when she received her school bill in Au gust. For the second year in a row, U M tuition had increased 13 percent. A d in fact, plus the additional tuition she has to pay as an upper-division student due to U M’s two-tiered billing system, and all told, Schell-Bergman will be paying nearly 20 percent more this year than last.

As if that weren’t bad enough, her grant support decreased more than 25 percent, from $1,810 to $1,325 per semester, because both she and her parents earned more money last year than the previous year. (Even though she lives on her own, and her parents do not contribute to her education, Schell-Bergman is considered a dependent because she is under 24, unmarried and an undergraduate, so her parents’ income is factored into her financial aid package.)

“I actually considered, ‘What would happen if I quit right now?’” Schell-Bergman said. She quickly realized that wasn’t a good option. “I’ve already spent two years in college and it didn’t make any sense to quit after going through half the program.”

And I don’t know what I’d do without a degree.”

But she did have to figure out how to combine up with the money to continue her education. Until this year, she had managed to scrape by on grants and on what she earned working 15 hours per week (full-time during summers) at a variety of $5.50–$6 per hour jobs as a cleaning woman at her church; as a salesperson at Sears; as an assistant at a plant nursery; as a
desk clerk and sometime cocktail waitress at a bowling alley.

But the combination of increased tuition, decreased grants and a sprained ankle that kept her out of work part of the summer left her no choice this year but to borrow for the first time: $5,500 in a subsidized Federal Stafford L oan. The prospect of paying back that money is upsetting, said Schell-Bergman, a dance major who fantasizes about choreographing music videos for a living but in reality does not expect to earn much money after graduation. But she feels that she has invested too much of her time and energy to give up her education now.

“I don’t think I would go back if I quit,” said Schell-Bergman. “I just want to get it over with.”

Schell-Bergman’s decision to combine working and borrowing means she probably will graduate. King’s study found that students who financed their college education by working part-time (up to 14 hours per week) and taking out loans were least likely to drop out—surprisingly, even less likely than students who didn’t work at all. The study suggests that’s because students who work part-time—particularly if they’re working on campus—are more connected to the institution, manage their time more effectively and are more focused on their academic work than students who don’t work at all.

That will serve as a bit of good news to

In a 1996 survey, more than half of students said that college loans helped them pursue a “playful lifestyle.”

Christina A dams, who has taken a work-study position, and also is applying for a part-time job so she can cover this year’s tuition increases without having to take out any more loans.

Still, it might have been helpful to Adams to figure out how much borrowing is too much. The standard accepted formula is that payments shouldn’t exceed eight percent of income. But that is a little too rigid, said economist B aun. “There’s really not one number,” she said. “If you’re making 20 grand and paying eight percent, then the loan payment will be really hard. If you’re making 60 grand, then you can certainly pay more than eight percent.”

Students would be wise to consider their income prospects, she said. “If you know you want to be a nursery school teacher, then you really shouldn’t borrow much money. If you’re going to be a doctor, then it makes much more sense to borrow significant amounts.”

Using that logic, Adams may still be fine. She hopes to work for a big city accounting firm, where she expects to earn between $40,000 and $50,000 annually, so her estimated monthly payments of $462 (based on a ten-year repayment plan and using current interest rates) might not be too much of a financial stretch.

But not all students will be so lucky. Some will have a tough time digging themselves out of debt. Others may be discouraged by the high cost of education that they never get through college. And experts say that it is time to address the situation before it gets out of control.

“Given the facts regarding state budgets, it’s hard to imagine the story changing in terms of tuition (increases) slowing down,” U CL A’s K ane said. “An d in response to that, I’d like maybe to see an expansion in the federal loan limits, to reduce some of the private borrowing. A nd at the same time we should be trying to figure out ways to reduce the repayment burdens on the people who have trouble in the labor mar ket right after they leave school.”

One way to do that, suggested Kane, is to give tax credits to people whose student loan repayments exceed a certain percentage of their income.

Other potential approaches came from Dallas M artin, president of the National Association of Student Financial Aid Administrators. He would like to see the government consider extending the standard ten-year repayments. He also suggested that perhaps employers could be encouraged to offer student loan repayments as part of their benefits packages.

Perhaps most importantly, said the National Center for Public Policy and Higher Education’s Patrick C allan, policymakers like students, need to consider the long-term consequences of their actions instead of just backing into their decisions. “The only way you can explain how we finance higher education in this country now is by the same principle as water flows downhill,” Callan said. “Everyone takes the easy way out.”

Kathy W inkowski is a freelance reporter in Missoula, Montana, and a frequent contributor to National Public Radio.
Creating a Strategic Vision

Observations about statewide higher education planning and coordination

By James M. Furman

Looking over the past four decades it’s tempting to say that not all that much has changed with respect to statewide higher education planning and coordination. The issue remains the same today as it was in the ‘60s: How do we bring the best quality education to as many of our youth and adults as possible. But the scenario is much different today than it was in the past. And in many respects I don’t think the past is prologue.

Between 1960 and 1970 college enrollments more than doubled, going from 3.9 million to 8.6 million students. In Ohio nearly 90 percent of the state’s population resided outside the commuting distance of a state university. Lovely campuses in Oxford, Kent, Athens and Bowling Green meant little to high school graduates in Cleveland, Youngstown, Toledo and the commuting distance of a state university. Lovely campuses in Oxford, Kent, Athens and Bowling Green meant little to high school graduates in Cleveland, Youngstown, Toledo and the commuting distance of a state university.

The statewide agency would retain authority over the institution’s role and mission and the institution might be built in each of Ohio’s 88 counties. It is even possible that, given our ardor, we crossed state lines and mistakenly built a few two-year campuses in West Virginia and Indiana.

But the environment for statewide organizations has changed dramatically since the 1960s and 1970s. College growth rates in the ’70s slowed to an increase of 41 percent; 14 percent in the ’80s and only seven percent during the ’90s. More remarkable, perhaps, is that much of this increase in the ’80s and ’90s came about because of a significant jump in participation rates. In the early ’60s only 45 percent of our high school graduates immediately went on to college; today that figure approaches 65 percent.

Any higher education organizations that have changed or have been changed to pursue different missions—changes which sometimes have created new challenges and issues. We may now have reached a point at which institutions must adapt further to meet new social needs.

The environment for statewide organizations of the past several decades. Initially, we had to create an authoritative presence with the institutions and convince the legislature that it had done the right thing in creating our coordinating board. These were not always compatible goals. We also had to be responsive to the needs of a board of directors composed of people with little interest in policy detail. We picked our targets carefully, but not always because of their relevance to a strategic vision. We picked targets sometimes by listening to prominent elected officials and sometimes by looking for glib answers that appeared to be working in other states.

In decades past, studies and recommendations were issued forth in extraordinary profusion—campus unrest, private colleges and universities, academic tenure, program reviews and funding formulas were among the numerous subjects considered. The surprise is not so much that these were done, but that anyone is still around to talk about them. The experience secured a relatively permanent place for the agency, but it also meant that coordination began to have a connotation of power.

In the meantime, statewide boards assumed more and more administrative responsibilities. Student financial aid programs, tuition supplement arrangements, licensure and registration requirements, loan programs, and on and on—worthy endeavors in themselves, requiring someone to make them work, someone to assume management responsibility. In a very natural way this devolved to the recommending board. It did not take much of this before the enthusiasm previously devoted to coordination and planning diminished. Problems developed even when additional staff were provided, as the increased supervisory responsibilities dug further into the state’s coffers.

Equally indelible was the follow-up responsibility associated with recommended regulatory policy changes. If the state board called for institutional service areas, it also had to define, implement, enforce and evaluate them. Roles and missions also had to be defined, assigned and monitored. These things required staff time. Since this aspect of coordination necessitated the involvement of stakeholders, participation also was involved, usually in the form of advisory committees.

Now it seems that at least some of the old approaches are in the process of being refined. Centrally imposed institutional typologies, rigid statewide program review procedures that hinge on relevance to institutional type, rather than service area needs, insignificant funding tied to performance—these and many other stalwarts are becoming of questionable worth.

Other examples of change can be cited, but the message is that the role for the statewide agencies will be modified. This might well require different perspectives on planning and coordination. These perspectives might start with the popular references to the new information economy, higher education’s competitive environment, workforce training, and quality of life for people who live and work in the different states. The connection between the education levels of a state’s residents and its economic growth is being stressed in ways we have not heard before.

There is a new recognition of the importance of all types of institutions—technical institutions proprietary schools, community colleges, and universities—and an appreciation of the importance of higher educational opportunities for the residents of all areas, rural as well as urban. Higher education is widely perceived for many as the ticket to the middle class.

We’ve heard arguments that a general shift from an emphasis on regulation to relative independence is underway, and that a state’s relationship to its colleges and universities will need to change from a narrow policy focus on providers and traditional clients to a broader definition of customers reflecting an expanded spectrum of society and wider conceptions about where and when education occurs.

A new governance style flows from this: If colleges and universities are required to adopt new and more responsive ways of serving their customers, they must be allowed to do so. Either the regulatory constraints must be appropriate and compatible with this role, or other approaches will be required.

Institutional performance measures may well become the mantra for higher education in the early decades of the new millennium. In exchange for predictable appropriations and freedom from specified procedural controls on how the funds would be spent, the institution would agree to provide more efficient and effective higher education services in specific ways. The details would be incorporated into a performance agreement, compliance with which would be the quid pro quo for continuing support.

The statewide agency would retain authority over the institution’s role and mission and the introduction of new programs compatible with that mission. The statewide agency and the institution would agree on the measures that would be used to evaluate performance, and the components of the agreement would incorporate these standards and measures.

If this approach were to succeed, a new and significantly different role for the statewide agencies would logically emerge. They would likely be the entity to negotiate the agreements with the institutions, and a new definition of coordination would emerge. The role of defining policy also would become more than an academic or theoretical exercise, since the goals used to guide the agreements would need to stem from state policy. In this manner, these boards would become responsible for policy definition (in a collaborative fashion) and for using policy as the framework for coordinating and steering the system.

The need for collaboration in defining policy will be greater than ever. This recognizes the reality that few statewide boards can any longer lay claim to the fount of wisdom about higher education issues. There are too many players in that arena to ignore or exclude, and they may not all be working with the same agenda. Though their emphases may differ, they...
It is going to pay your tuition. That really has driven the whole notion of academic

Today the issues seem more profound than in decades past. The next generation of tradi-
tional college-age people in this country will be larger (up 20 percent in the next ten years),
more disadvantaged and diverse, and more interested in postsecondary education because
they have fewer economic alternatives. In the National Center’s state-by-state report cards for higher education, Measuring Up 2000 and Measuring Up 2002, the categories for grading are: preparation, participation, affordability, completion, benefits and learning. The core outcomes in these areas will be
more important to this generation than ever before. A nd lurking in the shadows is perhaps
the most critical issue of all: How do we eliminate the grade of “incomplete” that all of the
states received in the category of learning because they could not measure or demonstrate
what their students learned through the completion of their college education?“

James M. Fairman is a member of the board of directors of the National Center for Public
Policy and Higher Education. This article was adapted from his remarks to the annual
meeting of State Higher Education Executive Officers in July 2002.

“Non-need” Grants

The merits—and demerits—of state merit aid programs

By Kenneth E. Redd

DON’T LET THE FACTS GET IN THE WAY of a good story.” In no issue
involving student financial aid this is cliché more appropriate than the
growth of state merit aid programs. Merit-based programs typically use college
admissions test scores or high school grade point averages to determine which students will
receive grants. Students’ family income or financial need is not considered for these awards.
The largest state merit program, Georgia’s Helping Outstanding Pupils Educationally
(HOPE) scholarship, provides more than $225 million to Georgia high school graduates with
at least a B average.

Recent stories in the Chronicle of Higher Education, the Washington Post, the Phila-
delphia Inquirer and other newspapers charge legislators in Georgia and other states with
using the state funds to pay the college expenses for middle- and upper-income students
who do not have financial need. The grant criteria often direct aid to higher-income families because
they are more likely to have access to better high
school and college admissions test preparation materials.

“Who’s most likely to get a B, rich kids or poor kids?” Thomas Mortensen, a senior scholar for the
Pell Institute for the Study of Opportunity in Higher Education in Washington, D.C., recently
asked in the Washington Post. “In any academic ranking, the affluent tend to cluster near the top
and the poor kids cluster at the bottom.”

State officials defend their programs for
providing college aid to hard pressed middle-in-
come families, for promoting and awarding academic excellence, and for inspiring more high
school students from all income backgrounds to attend college. Glenn Greens, executive
director of the Georgia Student Finance Commission, recently told the Washington Post, “We
wanted to keep our best and brightest students in Georgia who has awarded $1.5 billion in
state lottery revenue to H OPE scholarship recipients if you make a B average, this state says
it is going to pay your tuition. That really has driven the whole notion of academic
achievement down deeper than I ever thought.”

The stories involving merit scholarships have focused on three issues: the growth of merit
aid as a national phenomenon; the awarding of merit scholarships to “rich kids” who do not
need financial aid; and the negative effects of merit aid on college access for low-income
families. Each of these stories has elements of truth, but a more detailed look at these “good
stories” shows that the effects of merit aid are more complicated than some may realize.

A s with all good stories, a complete look at the facts doesn’t always support the conclusions of
critics or proponents, and the truth lies somewhere in the middle.

Good Story Number One: The growth of state merit programs is a national phenomenon.

A according to the National Association of State Student Grant Affidavit and Aid Programs (NA SSG A P), the total amount of funding provided for merit and other “non-need” state scholarships jumped 283 percent between 1989-1990 and 2000-2001. Need-based grants on
the other hand, only increased 52 percent. Much of the increase in state non-need aid has
occurred over the past five years, during which merit spending doubled while need grants
grew only 26 percent.

However, the recent increase in merit funding might more accurately be described as a
southern trend rather than a national phenomenon. During the 1990s, the 16 southern states
(defined as the state members of the Southern Regional Education Board—SR E B )
collectively increased their spending on non-need grants by an incredible 483 percent. Non-
need spending for all other states grew by a more modest 59 percent. Of the $1.1 billion in
non-need scholarships awarded to undergraduates last academic year, $887 million (81
percent) was provided by the SR E B states, and most of these funds (approximately $500
million) came from just two states: Georgia and Florida.

Perhaps less noticed is the fact that the SR E B also collectively had higher growth in
need-based grants than other states; during the 1990s, total spending on need-based state
scholarships rose by 146 percent in the SR E B states versus 52 percent in the rest of the
country. The increase in state need-based aid in the south occurred despite the fact that,
starting with the 1999-2000 academic year, Georgia did away with all of its state need-based
programs.

Pointing out these regional trends is not to
suggest that merit and non-need grants are not a
concern in other parts of the country. Large
erit programs have been enacted in Michigan,
A laska, Nevada, New Mexico and other states
outside the south, and several other state leg-
islatures are considering bills to begin similar programs. These programs are much more
recent than the Georgia and Florida programs and thus do not show up on the NA SSG A P
survey until much later in the 1990s.

But the newer programs generally are not as
generous as those in the south, and, given the
recent economic recession, it is unlikely that state
spending on need- or merit-based programs will
increase at nearly the same rates in other states as it has in the south. The southern influence
on merit aid may be prevalent for some time to come.

Good Story Number Two: Only the “rich” get merit grants.

T it is true that more middle- and upper-income students are receiving non-need state
grants. Data from the National Postsecondary Student Aid Study (NPSA S) show that the
median income of financially dependent undergraduates who received merit and other non-
need state grants grew from roughly $35,100 in 1989-1990 to $51,900 in 1999-2000. The
number of recipients from middle-income families (those making between $30,000 and
$70,000) jumped 156 percent, and awardees from families with incomes of more than
$70,000 nearly tripled.

But claims that only the “rich” qualify for grants often forget that income and intel-
ligence or demonstrated achievement are not always related. While the merit programs do
benefit middle- and upper-income students disproportionately, recent increases in awards to
meritorious students from low-income families should also be recognized. Data from the
NPSA S database show that from 1989-1990 to 1999-2000, the number of non-need-based
grant recipients from families with income below $30,000 jumped 110 percent, while the
number who received need-based grants increased just 34 percent.

More importantly, analyses that show the changes in the income levels of merit aid
recipients often miss a critical point—the demonstrated financial need of the grantees. Federal financial aid rules define students’ financial need as the difference between the
total cost of attending college (tuition and fees, room and board, books, supplies and related
related costs) and the amount students and their families can contribute toward these costs.
A college costs rise, financial need—even for middle- and higher-income families—will
rise.

In 1999-2000, according to the NPSA S data, more than 80 percent of the students who
received state merit grants also applied for federal financial aid. A mong the students who
applied for aid, more than two thirds of the merit aid recipients had financial need, and the
average amount of need was nearly $5,500. Need was even greater for middle-income
recipients; 82 percent of those with income between $30,000 and $70,000 had financial need,
and their average need amount was $6,200.

continued next page
Many middle-income families genuinely need merit-based funds to pay higher education expenses. Without merit grants, student loan debts for a large number of students might be even higher.

Merit aid may not be the perfect solution for these problems, but state leaders deserve at least some credit for trying to fill in the gaps between federal grants and student loans for students with demonstrated need for financial assistance.

Good Story Number Three: State merit aid hurts college access for the poor.

Despite the rapid increases in non-need state grants, the proportion of high school graduates from low-income families who enroll in college still lags far behind the percentages for middle- and high-income students. Thomas Moore's analysis of data from the U.S. Census shows that between 1990 and 2000, the share of high school graduates from the lowest-income quartile who enrolled in college grew from just 48 percent to 54 percent, this compares with a gain of 72 percent to 76 percent of those in the third quartile, and 80 percent to 82 percent in the highest quartile.

Critics of merit programs are correct to assume that merit aid, at the very least, has not helped increase college access for the lowest-income families. But federal and state need-based aid also rose during the mid- and late-1990s, and the gaps in college access rates between rich and poor still persist.

One reason the impact of state merit and need grant programs on college access has been limited is that the beneficiaries, regardless of their income levels, are disproportionately traditional-age students who enroll in postsecondary education full-time immediately after high school. Today, these students represent only a quarter of the college population. The vast majority of students are older, attend part-time, or have work or family responsibilities while in college. Very few state aid programs address the needs of this large (and growing) population.

Additionally, aid programs, either need- or merit-based, cannot by themselves close the gap in the college attendance between poor and wealthy families. Many other factors besides financial aid must be involved with growing college access and success, such as academic advising and tutoring, awareness of college admissions opportunities and procedures, family and peer support, and on-campus mentoring. We need more information about these issues before we can improve financial aid and college-going rates for low-income students.

"Don't let the facts get in the way of a good story." That is great advice for a Hollywood screenwriter, but not so good for understanding the issues surrounding need- and merit-based financial assistance for college students. Proponents and opponents of merit aid sometimes make judgments on these programs without considering the complex facts involved. A more balanced view of the recent "good stories" involving merit aid might be summarized with these statements:

Total funding for state merit and other non-need programs has grown 283 percent, but most of this growth has occurred in the southern states.

Middle- and upper-income undergraduates have been the primary beneficiaries of the increased spending on merit grants, but many of these students genuinely had financial need.

Despite the increasing reliance on grade point averages and college admissions test scores to determine award recipients, the number of students from low-income families who received state merit and other non-need aid doubled in the 1990s.

Increased spending for non-need state aid programs has not closed the gap in college access between low- and upper-income families, but more spending for federal and state need-based grants has also failed to equalize college attendance rates by income.

Merit aid is focused on increasing the college-going rates of traditional-age students, but less focused on college success of non-traditional students.
institutions for two reasons. In my view it maximizes the utility of the reform effort, essentially bringing all institutions into a more equal competitive environment. Additionally, it is less expensive in total costs per student for states to include the privates and allow the states to take full advantage of the private facilities than it is to build more space for students at the public institutions at public expense.

A voucher system based upon an entitlement would make it much more difficult for state legislatures to cut higher education. A voucher system, if implemented, would pay the full value of the voucher to the institution. Public higher education would no longer find itself having to absorb students as a marginal cost above a state appropriated full-time equivalent level. Instead, they could set their tuition, compete for students, and know that with each student that arrived, the value of the voucher would arrive with the student. Admittedly, the voucher for the research universities would be less than their current state appropriated level per full-time equivalent student. But these institutions have already demonstrated their ability to compete successfully for other sources of revenue, namely grants, contracts and private giving.

Vouchers for public higher education are perceived to be a bad idea because they seem contrary to the very ideals upon which public higher education was established—public good and the achievement of access to every facet of American society. But those ideals have been challenged by the very funding systems that we have built to support them. Indeed, throughout the country the concept of “private good” has replaced “public good” as the prevailing thought in our state legislatures about the benefit of higher education. And access is now challenged by the current fiscal conditions of states at the very time when our economic system demands an educated workforce, and our democracy begs for a literate and engaged citizenry.

I would argue that vouchers provide the means to bridge back to our original objectives using today’s prevailing notions. Vouchers invest in our citizens as a public good to enhance their individual private good. As an entitlement, vouchers guarantee every citizen’s right to higher education; and by doing so, they contribute to a more engaged citizenry. Continuing down the current road of less state support, using higher education as a budget balancer, and shifting costs to students through higher tuition will, in my view, ultimately undermine our public higher education system. Vouchers are an idea whose time has come to public higher education.

Stephen M. Jordan is president of Eastern Washington University.

“Institutions which fail to respond to the marketplace will no longer continue to receive funding simply because they are a state supported institution. And yes, some state institutions may fail, just as private institutions have failed.

Because the voucher both arrives and leaves with the student, public institutions will have a great incentive to retain every student that they successfully attract. If they do not retain the student, they lose the full value of the voucher along with the tuition, not the marginal dollar loss that institutions most typically experience with the current funding mechanisms.

This one change goes right to the heart of the retention and graduation accountability goals with which most states are concerned. Public institutions would have a clear monetary incentive to improve their retention and graduation rates. To accomplish this, the institutions will have to address issues like class size, course availability, the integration of the liberal arts curriculum with the professional school curriculum, and the availability of the senior faculty at all levels of the curriculum.

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VIRGINIA

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"when, despite constant cost increases, additional operating dollars were almost nonexistent," said Charles W. Steger, president of Virginia Tech in Blacksburg, the state's largest campus.

Virginia "squandered recovery from the last recession in the most foolish way, using the general fund to offset tax increases," said Gordon Davies, director of the Virginia Council of Higher Education from 1977 until 1997.

"What we are suffering here is partly caused by the recession, but the most grievous wounds on the system are being inflicted as a consequence of public policies putting tax reductions first," said Timothy J. Sullivan, president of the College of William and Mary, in Williamsburg.

"If the state hadn't reduced taxes by $1.5 billion in the last half dozen years or, as an alternative, had invested in higher education the amount saved on tax reductions, we would be in much better shape," Sullivan said. "In the best scenario, I'm afraid we won't recover for five or six years."

The emphasis in Virginia on no new taxes reflects "insane ideological, odd thinking," said David W. Breneman, dean of the Curry School of Education at the University of Virginia. "They've been drum beating that into people's heads for 20 years... I don't think this money is coming back in my lifetimes."

State income tax rates haven't changed since 1972. Motor vehicle taxes were practically eliminated in the 1990s. Cigarette taxes, 2.5 cents a pack, are the lowest in the nation. Virginia's 46th in state and local taxes as a percent of personal income.

Virginia's affluence contrasts with its support for higher education: It is 12th in per capita personal income, but drops to 28th for each $1,000 in personal income spent on higher education, according to research by John K. Napp, an economist at the University of Virginia.

The future looks especially bleak to leaders at campuses with shorter histories and far fewer financial resources than at UVA and William and Mary. Of the four campuses, Virginia is northern Virginia's George Mason University, the state's fastest growing campus. "A nother two years of this, and it probably will take 20 years to recover," said GMU economist James T. Bennett, president of the academic senate.

Belle Wheelan, state secretary of education, said e-mails from the campuses have poured into her office "complaining that we're cutting into bone marrow. All the campuses are considering another tuition increase in January, some are moving money out of foundations and auxiliary accounts. There's frustration." Wheelan said she saw no near-term solution "because the General Assembly (the state legislature) won't have tax increases. National rankings will drop... It's getting ugly."

One important common cause at the campuses is the hope for passage this fall of a $900 million state bond issue for campus construction. In the past, voters have approved such measures, because they don't require higher taxes. But last-minute hopes for more operating funds evaporated in September, when Governor Mark R. Warner, a Democrat who took office last January, said that it was "inconceivable" that he would back away from his campaign pledge last year not to propose a tax increase.

Warner followed through in October, announcing that he had ordered a second round of spending reductions for higher education that averaged 11 percent (with differences ranging from 9 to 13 percent, depending on private support available at individual campuses), and would require about 4,500 job "layoffs." The governor said each campus would have to decide how to make up the difference, and that students probably will face higher tuition, larger and fewer classes, and will have fewer student services.

The governor imposed the largest cuts on the University of Virginia (31.8 percent), followed by William and Mary (27.7 percent) and Virginia Tech (28.1 percent). Reductions were smaller—15.4 percent—in the community college system.

Restrictions in state spending began in 1990, when Democratic Governor Douglas Wilder, who took office during the last large recession, reduced the state budget by about 21 percent. The campuses briefly increased tuitions $5,000 to $10,000, but cut tuition levels 2 percent after the campuses were ordered to reduce their budgets by 20 percent. The campuses briefly increased tuitions $5,000 to $10,000, but cut tuition levels 2 percent after the campuses were ordered to reduce their budgets by 20 percent.

Ailing Virginia's institutions include George Washington University, founded in 1821, in 1829 when the last large recession, the University of Virginia, founded by Thomas Jefferson in 1819—contrast with the far more meager non-state funding for the state's other campuses. Virginia and Mary, and has a $360 million endowment to help it educate a mostly undergraduate enrollment of 7,500 students, and UVA has $1.7 billion, with a moderate enrollment (19,000) for a leading research university.

Another important source of private funding comes from out-of-state students—about one third of the enrollment at UVA and William and Mary—who must pay more than four times more tuition than Virginia residents. The two campuses are popular—9,000 applicants for 1,300 freshman openings at William and Mary this fall, and 15,000 for 3,000 spaces at UVA.

No state law regulates the percentage of out-of-state students, but last year's budget bill warned that campuses "not increase the current proportion of non-resident undergraduate students if the institutions' non-resident undergraduate enrollment exceeds 25 percent." UVA, William and Mary, Virginia Tech and James Madison University all exceed that percentage. However, the bill made no mention of possible sanctions if the proviso were ignored.

While such moves to increase non-state support may help, UVA has had to
deal with a $90 million reduction in state support over about 30 months through 2004, and William and Mary has lost about $27.5 million), there is talk on both campuses about more independence from Richmond, to help assure a more secure future. A faculty proposal at William and Mary would have students receive state funding, instead of the campuses, and would allow them to decide where to spend it. But campus officials doubt that would receive enough political support for approval by the legislature and governor. A major obstacle is the fact that almost all the campus buildings are owned by the state.

A more moderate option, which might receive state support, and possibly “a longer run answer for a place like this,” President Sullivan (of William and Mary) said, “is a significant increase in private support and a rearrangement of what I call our ‘governance structure.’” He suggested a governing board with half its members appointed by William and Mary’s private fund raising unit. At present all appointments to each of the campus governing boards are made by the governor, subject to endorsement by the legislature.

This academic year, tax dollar support probably will sink below 20 percent of the campus budget, Sullivan said. More independence (which would require legislation) “would give us a whole lot more flexibility... We could make local decisions on purchasing, management of major capital projects. It could save significant amounts of money... It would be more of a federal projects. It could save significant amounts of money.”

Linsay Rousseau-Burnett, president of the student assembly at William and Mary, spoke in the same vein: “The biggest concern is that quality of education is declining, with the state unwilling to raise taxes. I chose to come here as opposed to Brown, because it was more affordable. But we’re going to see an outflow,” said the senior sociology major.

“This could take us back to the 1960s, when we were exporting our best students,” said Donald J. Finley, executive director of the Virginia Business Higher Education Council.

Economist Robert Archibald, director of William and Mary’s Thomas Jefferson public policy program, and president of the faculty assembly, predicted that young and talented faculty will leave during the hiring season next spring, and that vacancies won’t be filled. That, he said, destroys a basic appeal: that William and Mary “cares about students, offers small classes and a basic appeal: that William and Mary is the place where the best minds in the country go to raise taxes.”

—LINSAY ROUSSEAU-BURNETT, PRESIDENT OF THE STUDENT ASSEMBLY AT WILLIAM AND MARY

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Linsay Rousseau-Burnett, President of the Student Assembly at William and Mary
canceled last spring. Alan G. Merten said the school closed its own graduate policy research program.

Fellow economist Clyde A. Haulman said he feared that faculty salaries at small, private campuses which William and Mary considers its peers—such as Emory, Williams, Wesleyan and Swarthmore—will be difficult to match in coming years. “We had been at 60 percent plus of the peer group in salaries,” he said. “Now my guess is that it will be in the 20s.”

George Mason University and Virginia Tech, the state’s largest campuses, lack large numbers of wealthy alumni. “We do not have a hundred years of private giving to fall back on. We’re dependent on the state,” said GMU President Alan G. Merten.

The campus increased tuition more than any other state campus—16.5 percent this fall, ignoring state guidelines that proposed about half that much. A long with increases in mandatory fees, the extra sums raised total undergraduate costs for full-time students at GMU by 25.3 percent, compared with a 9.1 percent increase at the University of Virginia and nine percent at William and Mary.

Merten proudly described a young campus where quality had been improved, “not only across the board but in developing unique programs. So demand goes up, on top of the abnormal impact of the baby boom. We have several new programs in visual technologies, lots of programs with technological components.” Last year, seven specialists in experimental economics switched to George Mason from the University of Arizona. “They came here because of the region and because others in this field were already here,” said economist and faculty leader James Bennett. “But programs like this can implode.”

Enrollment increased by 2,000 students this fall—1,000 more than had been expected—along with steadily improving grade point averages and SAT scores. But next fall, with a $40 million budget cut over the two-year period, the campus will stop accepting last-minute applicants that have consistently exceeded expected totals among first-year students in recent years. About 100 faculty vacancies will remain unfilled.

Without any tax increase in sight, the campus must step back from any further expansion, Merten said. “This is not temporary. You don’t stop and start up again next year.” In a recent report to the governor and legislature, the GMU president warned that the campus had approached a “moment of truth,” when a “lean, young institution is still fragile and vulnerable” and either becomes a “great state university...or just another regional state university.”

The outlook is also grim at the state’s community colleges, which this fall enrolled 10,000 more students than had been expected. Cutbacks produced long waiting lists for popular courses. Enrollment rose to 235,000 (90,000 full-time equivalent), but the recession and tuition increases at the four-year campuses are expected to increase applicants for admission even more next year.

The two-year colleges, which lost about $63 million in state support over two years, have only one other important source of revenue: the $43 for each semester credit charged students seventh lowest rate in the nation, according to Susan Hayden, a spokesperson for the system. About 25 percent of the students ultimately transfer to a four-year campus, and three quarters of those students earn degrees. The governor reduced the system’s budget by eight percent this year and ten percent next year, even though, according to an informed source, the colleges had warned him that even a seven percent cut would require turning away 5,300 student applicants.

In Richmond, Eugene Trani, president of Virginia Commonwealth University, the state’s only major urban campus, hopes to get some help in dealing with a two-year budget cut of $75 million, by increasing research outlays to attract more private firms to the school’s new biotech center, thus adding private revenues from overhead charges. Trani said he also hoped to add more out-of-state students who now make up about 11 percent of the enrollment.

Trani said admissions would not be curtailed, although about 160 full-time staff positions had been eliminated. The campus, at which 70 percent of the 25,000 students work full or part time, and an equal percentage receives financial aid, had to eliminate free student counseling.

Virginia Commonwealth University added $64 million in private donations last year, many of them from people who live and work in Richmond, raising its endowment total to $285 million. “We’ve done much better than in the past, because people recognize what we’re doing and how much we’ve done,” Trani said. Like his fellow presidents at George Mason and Virginia Tech, he has been personally involved for years in efforts to expand and improve his campus. The legislature and governor, he said, must face up to a “structural imbalance in Virginia,” brought about by declines in revenues and increases in expenditures, and must “come up with options that will not reduce the numbers of knowledge-based workers.”

Virginia Polytechnic Institute, now better known as Virginia Tech, founded in 1872 as a land grant college in rural southwest Virginia, also expanded rapidly in recent years and President Charles Steger has been personally involved in adding to the $340 million endowment, still not nearly enough to avoid curtailments at a campus with 25,000 full-time students and 220 degree programs.

Politicians were aware years ago, Steger said, of the lack of funding, which has left state campuses falling well below out-of-state institutions they regard as their peers. In 2000, a study sponsored by both houses of the legislature had concluded that Virginia’s public colleges and universities were underfunded by more than $200 million, of which Virginia Tech’s portion totaled $20 million. During the last recession, the campus lost $46 million out of its base budget. And now it has lost at least another $52 million.

“Time’s really nothing left to cut,” Steger said. “To preserve quality, we can’t educate the same number of students. It’s a fundamental strategic error to degrade quality.”

“Virginia has an intellectual heritage that it is not upholding,” said Gordon Davies, who dealt with the challenge for 20 years at the state’s Council of Higher Education. “It is not upholding Jefferson’s tradition that an educated population is an indispensable ingredient of a democratic society.”

Freelance writer Carl Irving lives in the San Francisco Bay area.