

A Massive Overhaul

England's universities are about to undergo the most dramatic restructuring since the 1960s

By Jon Marcus

LONDON

A RARE BLUE SKY hangs over Bloomsbury, but the neighborhood around the University of London is virtually deserted. From the student union comes the sound of cheers and jeers, which lead to a dark, smoke-filled bar where what seems like the entire student body is watching India play New Zealand in the cricket World Cup.

The match distracts them not only from the sunny day, but also from an invitation to discuss the most dramatic shake-up of England's universities since the 1960s. That's because it won't affect them. Student fees will nearly triple, faculty pay will switch to a system of performance-based rewards, and enrollments will increase. The very structure of university financing, teaching and research will be transformed.

But most of these changes won't take effect until the 2005-06 academic year. So for these particular undergraduates—not

to mention much of the rest of the world—it is an issue that has gotten scant attention.

"My sister is going to be affected by it," said undergraduate Carolyn Finn, looking up from a magazine and considering the question for a minute. "I think it's ridicu-

Without action, English universities face a \$14.9 billion shortfall over the next three years.

lous that for the same education she will have to pay many thousands of pounds more."

Many politicians, faculty and parents feel the same way. There is no shortage of dissent over the massive overhaul of England's universities. In fact, few people actually seem in favor of it. But the broader political fallout of this vast reorganization

has been muted by the war in Iraq and other news. And the wholesale restructuring of English higher education has hurtled forward not only essentially unnoticed, but also largely unchecked.

That changes are needed is not in dispute. Without action, universities face a \$14.9 billion shortfall over the next three years. (Dollar figures in this article are based on an exchange rate of 1.67 dollars to the pound.) Years of budget cuts have left them with antiquated and overtaxed facilities.

Enrollment has soared. In 20 years, the proportion of English students going on to higher education has increased from one in eight to more than one in three. Faculty workloads are up while salaries have barely kept pace with inflation. Government funding per student has fallen from more than \$12,380 to about \$7,430 since 1989—a decline of nearly 40 percent.

The poor have been hurt most by this inadequate funding, said Nicholas Barr, a professor of public economics at the London School of Economics, whose proposals are widely considered to have influenced the government's planned overhaul of higher education. The proportion of uni-



DAVID LEVENSÓN, BLACK STAR, FOR CROSSTALK

The ideas of Nicholas Barr, a professor at the London School of Economics, have influenced reorganization of British higher education.

versity enrollment comprised of students from the lowest socioeconomic classes has not increased in 40 years.

But with the government already *continued on page 15*

HOPE Springs Eternal

Georgia's scholarship program, a model for the nation, experiences financial pains

By Don Campbell

MILLEDGEVILLE, GEORGIA

ADRIENNE PAQUIN, a 20-year-old junior at Georgia College & State University here, hadn't even heard of this institution until about three years ago. Paquin, a physical education major, was attending high school in the

The HOPE scholarship was designed to keep Georgia's brightest college-bound students in the state and give them an incentive to keep their grades up.

Atlanta suburb of Douglasville, 100 miles away, and had her eye on Lee University in Tennessee, where her sister had spent her freshman year.

Then financial reality set in. Adrienne could borrow money to attend Lee, or she could take advantage of Georgia's HOPE

scholarship, which would pay her tuition, mandatory fees and a book allowance if she went to college in Georgia.

It was a no-brainer. "I decided to stay in the state; otherwise I'd have had to take out loans of about \$40,000," she said during a recent interview while sitting in a rocking chair between the stately white columns of GC&SU's administration building.

The decision was even easier because Adrienne, who describes herself as "paranoid about grades," has never let her grade point average fall below 3.5. And because of the HOPE (Helping Outstanding Pupils Educationally) scholarship, she has not had to work, though she has taken out a loan to pay for her apartment.

Adrienne also had the experience of



ROBIN NELSON, BLACK STAR, FOR CROSSTALK

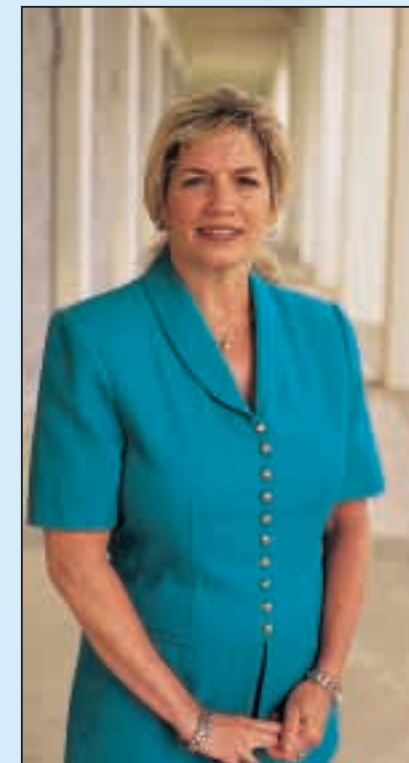
Sisters Adrienne (left) and Michelle Paquin, shown with their mother Brenda, are attending Georgia public universities on HOPE scholarships.

seeing her older sister, Michelle, take on college loans of \$10,000 during one year at Lee University before she transferred to the State University of West Georgia.

"She matured," is the way Brenda Paquin, mother of the two sisters, describes

continued on page 4

In This Issue



ROD SEARCY, FOR CROSSTALK

NICKI HARRINGTON, president of Yuba Community College, in northern California, expects to cut 15 percent of her operating budget as the state struggles with a \$38 billion budget deficit. (See page 8.)

An Interview: Derek Bok

*Derek Bok served as president of Harvard University from July 1971 through June 1991. His most recent book is *The Commercialization of Higher Education*, published in 2003 by Princeton University Press. This interview took place in Bok's office on the Harvard campus, and was conducted by Kathy Witkowsky, a frequent contributor to National CrossTalk.*

Kathy Witkowsky: In your book, you argue that increasing commercialization threatens to erode the values that are at the heart of higher education. But you also point out that profit-seeking isn't anything really new. What's different about today's educational landscape that has you so concerned?

Derek Bok: Well, I think two things are different since around 1980. One is that the amount of profit-making activity has increased greatly, in part because there are very pressing needs for funds and greater competi-

This process of profit-seeking...can easily get out of hand and erode essential values of the university.

tion among universities that increase the demand. But the most important reason is that, as the society gets more complex, and there are greater needs for expert knowledge, new scientific discoveries, and mid-career education, which has boomed in the last 25 years, frankly, the opportunities to make money from the things that universities do have increased enormously. That's one change.

The other change is that profit-making activity has moved from the periphery of the university, in things like athletics or extension schools or correspondence schools, into the heart of what universities do: into scientific research, and now with the Internet and distance education, which can be established on a profit-making basis, into education as well.

KW: What do you think is at stake here?

DB: First of all, I'd like to make clear that this is not all bad. The opportunity to make money is sometimes a very useful incentive, not just in the private economy, but in higher education as well. The fact that universities since 1980 have been able to get patents on discoveries made with government funds has meant that universities have become far more active in trying to see opportunities, to translate the scientific advances that they make into useful products and processes. And that,

after all, is why taxpayers have given us the money, and is certainly, therefore, in the public interest.

Nevertheless, it's very important how this process of profit-seeking goes on, because it can easily get out of hand and erode essential values of the university. The most vivid illustration, of course, is the form of commercialization that we've had the longest: athletics. You can see very clearly how big-time athletics has eroded the integrity of the admissions process, has affected the academic standards in the nature of courses, and sometimes even grading standards applied to athletes. What happens is those risks multiply when profit-making activities are not simply peripheral to the university but lie at the heart of what we do.

KW: Can you give me some examples, beyond athletics, of what turned on the warning lights for you about this commercialization?

DB: To begin with, it was the succession of get-rich schemes that came to me (as president of Harvard), and my recognition of how pervasive this problem was and how seductive a lot of these issues were.

For example, I mention in my book the proposal by a pharmaceutical company to give [Harvard] a million dollars a year, for the medical school to produce a series of programs on cardiology. We would control the content, but there would be commercial advertising. And the question is: Do you want to do that?

Well, it's very easy to make a case that that's easy money—take it. I mean, so there's advertising. There's advertising everywhere, including in the football programs at your own university. So what's the problem?

Well, the more you think about it, the more you see that turning education into a commercial product with advertising does have subtle costs connected to it that probably are best avoided. But at least to me, it wasn't immediately obvious that that was so. So I began to see: Gee, these are really tough problems. It's easy to make mistakes here.

KW: Do you distinguish between advertising on campus, or perhaps an exclusive contract with a company to sell its product on campus, and advertising or some sort of sponsorship, as you are speaking of, with these medical programs? Is there a difference there?



DANA SMITH BLACKSTAR FOR CROSSTALK

DB: No, I think they're all part of the same problem.

Advertising is helpful in many ways to companies, and I'm sure if they could advertise in classrooms and things of that kind we could get money for it. You have only to see what has happened in high schools.

Many people aren't aware of the degree to which the desire to advertise has gotten into high schools—not only to get exclusive concessions, which of course always have bonuses for increasing the consumption of soft drinks and fast foods, but getting into the curriculum. So that you begin to provide math curriculum based on how many chocolate chips there are in a bag of somebody's cookies, chemistry experiments on whether one brand of spaghetti sauce is really thicker than another, environmental courses based on the life cycle of a well-known athletic shoe. These are curricula that are actually in use in high schools as we speak. So we should not minimize the threat that this poses or the ingenious guises in which it can come.

KW: So, left unchecked, how far do you think this trend toward commercialization in higher education could go?

DB: Oh, I fear it could go pretty far. Again, one can look to athletics as an example of the process that has gone on for many decades. And certainly [the fact that] compromises have been made with values that most people would say are very fundamental—your admissions standards; your grading; the nature of your curriculum; and the fact that

academic officials have acquiesced with those compromises—makes you believe that there are dangers that we need to look out for, and that it would be rather foolish to assume that somehow because it's higher education and

The more you think about it, the more you see that turning education into a commercial product with advertising does have subtle costs connected to it that probably are best avoided.

we have high motives and lofty purposes that we are not going to get into trouble if we don't watch ourselves.

KW: Is some of that compromising going on now?

DB: Yes, there's enough so that you can see the problems very easily. There are certainly cases of excessive secrecy. There are cases in which there have been corporate efforts to manipulate published academic research. There have certainly been instances of conflict of interest in which people had finan-

cial interest in the outcome of the research that they were carrying out.

We're at an earlier stage in education-for-profit via the Internet, but as you see universities partnering with venture capitalists who expect to make a large return from the money that they put into distance education via the Internet, one can expect that decisions by some institutions for Internet education will be driven more by their moneymaking potential than by their capacity to enhance the learning of students. And those two are not the same. And profit-making efforts in education may in some circumstances produce high

Presidents are being hired for their fundraising abilities. And I understand why: The need to raise funds is very great.

quality education, but there will be other circumstances in which it does not, and students will suffer as a result.

KW: How can you distinguish between the profit motive that is beneficial to education and the profit motive that is detrimental to education?

DB: That, of course, is the trick. And I don't think I can give you a single formula. I think there are a series of categories of behavior. You have to look at each one and try to draw some guidelines.

I do point out in the book that simply looking at each situation as it arises on an ad hoc basis is almost certain to get us into trouble, because the benefits are real and immediate, and the costs are much more intangible, long-run, not easily attributable to any single decision. And so you're bound, bit by bit, to slip into the same sorts of problems that you have in athletics.

So you do need guidelines. But there isn't a single guideline that can be applied to all situations.

I think you have to be very careful about what your values are and then apply them to each category, such as secrecy, or conflict of interest in scientific research or profit-making ventures in education, and then you try to draw some lines.

KW: Who should be ultimately responsible for ensuring the academic integrity of each educational institution?

DB: At present, the responsibility lies very heavily in the hands of the president or the top very few officials at the university. And I believe that that is unwise, because the president is under enormous pressure to raise money. He or she is often judged on how much money they raise. And as a result, without some greater support from other constituencies in upholding the essential values of the institution, I fear that this process of erosion is bound to take place—just as it has in athletics.

So I believe there is a role for the trustees to play, not just in paying attention to how much money we're raising, but by paying a

lot of attention to how we're doing it: not [by] getting into the micromanaging details of each research contract, but by making sure that there's a careful review of corporate research to make sure that there are appropriate guidelines for secrecy and conflict of interest, and by doing their best to make sure that key officials, like the technology transfer officers, know that they will be rewarded as much for retaining values as they will for earning money.

I think, if anything, even more important is the engagement of the faculty. There's a very dangerous tendency at work now to say that the faculty is sort of an obstruction—that in today's fast-moving economy, universities cannot tolerate the delays and obfuscations of faculty, and that the creative administration has to be agile and move quickly and therefore needs more authority, and the faculty should be kept out of these things. I think that's fatal.

KW: As you point out, the president has a very important role here. As these financial pressures come to bear on universities, do you think that we are now entering an era in which we're hiring presidents more for their business savvy than for their understanding of academics?

DB: Absolutely. And I think to some extent it's inevitable: Universities are much bigger and more complicated institutions than they were, and therefore administrative skill is more important than it was.

Presidents are being hired for their fundraising abilities. And I understand why: The need to raise funds is very great. But I do think it represents a real danger, because presidents are able to spend less and less time on the internal academic side of the institution. And in the end, they remain academic leaders. And I don't think we will have distinguished leadership by people who are disengaged from the process of teaching and learning and discovery and scholarship that is the heart of what we do.

KW: How big a role do you think government should and will play in the future of higher education's relationship with the marketplace?

DB: I very much hope that we can do a good enough job of policing ourselves so that the government doesn't have to come in and do it. And I don't say that as a sort of knee-jerk conservative reaction to government. I think that government is essential in many spheres of life.

But I don't think that [legislators] do as good a job as really careful universities could do in drawing lines—in part because they don't know so much about education, in part because institutions are so different that trying to make uniform lines from Washington is almost bound to create really awkward and unworkable situations on some campuses. And of course, because the administration of government rules is very time-consuming with lots of paperwork that inevitably results in mistakes that sometimes can be quite harmful.

KW: It seems like one thing government can do, as you suggest in your book,

is provide stable financial support. How important is that?

DB: Stable institutional support is important because if there are sudden drastic declines in support, a campus will grow desperate. The cries of pain from students with lower scholarships and professors whose programs are yanked out from under them are sufficiently intense that people are simply not going to pass up any opportunity they can find to exploit new sources of funding. And it's when you act in that way, out of a sense that, "I'm doing this for survival," that talk of preserving essential values and so forth is going to go down the drain, because those values are intangible, they're long-term, they simply can't stand up against an acute need for funding now in order to avoid inflicting real pain and damage to the institution.

KW: So what is the solution to this slide into commercialization?

DB: Like most things in life that matter, eternal vigilance. You have to be aware of the problem; you have to try to establish safeguards in the form of guidelines; you've got to try to create incentives and job descriptions that make it in people's interests to adhere to those guidelines and to respect those academic values. And you need to engage the different constituencies of the university in some appropriate way, so that you don't simply look to one or two individuals who have extreme pressures on them to do the whole job.

And if you do that, you could probably do a pretty good job of resisting these problems. If you don't, I think it's pretty likely we're simply going to go the road we have in athletics.

KW: Are you optimistic that this trend can be halted or reversed? And how much has been sacrificed already?

DB: I think we're in an early enough stage that nothing is irreversible in the areas of education and research, which are the areas that really matter. I think the problem with athlet-

Stable institutional support is important because if there are sudden drastic declines in support, a campus will grow desperate.

ics is largely irreversible. I think we can make some improvements, but I don't think we can ever overcome our problems completely. So that's a kind of warning lesson: Don't let it go on too long.

Fortunately, in education and research, the process is much younger, and I don't see anything being irreversible. So if we are aware of the dangers and begin to pay more attention to resisting them, although we can never achieve perfection, I think we can do a pretty tolerable job of keeping our difficulties within bounds. ♦



THE NATIONAL CENTER FOR
PUBLIC POLICY AND
HIGHER EDUCATION

Board of Directors

James B. Hunt Jr.
CHAIRMAN

Garrey Carruthers
VICE CHAIRMAN

Patrick M. Callan
PRESIDENT

Ramon C. Cortines
Dolores Cross

Alfredo G. de los Santos Jr.

Virginia B. Edwards

Roger A. Enrico

James M. Furman

Arturo Madrid

Robert H. McCabe

Howard "Pete" Rawlings

John Brooks Slaughter

Thomas J. Tierney

Uri Treisman

Harold M. Williams

FOUNDING DIRECTORS

Clark Kerr

Virginia B. Smith

Patrick M. Callan
President

Joni E. Finney
Vice President

William Trombley
Senior Editor

Daphne Borromeo

Assistant to the Director of State and Media Relations

Jill de Maria
Communications and Production Manager

William Doyle
Senior Policy Analyst

Holly Earlywine
Accounting Manager

Heather Jack
Director of State and Media Relations

Gail Moore
Director of Administration

Sue Murphy
Assistant to the Vice President

Mikyung Ryu
Senior Policy Analyst

Todd Sallo
Editing and Production, National CrossTalk

Noreen Savelle
Executive Assistant

Michael Usdan
Senior Fellow

Shawn Whiteman
Assistant Director of Administration

Stacey Zis
Research Associate

National CrossTalk is a publication of the National Center for Public Policy and Higher Education, 152 North Third Street, Suite 705, San Jose, CA, 95112. Phone: (408) 271-2699; Fax: (408) 271-2697; e-mail address: center@highereducation.org; web site: www.highereducation.org.

Washington Office: 1001 Connecticut Avenue, Suite 310, Washington, D.C. 20036. Phone: (202) 822-6720; Fax: (202) 822-6730.

The National Center promotes public policies that enhance opportunities for quality education and training beyond high school. The National Center is an independent, nonpartisan, nonprofit organization that receives core support from national philanthropic organizations, including the Pew Charitable Trusts, the Atlantic Philanthropies and the Ford Foundation.

The primary purpose of National CrossTalk is to stimulate informed discussion and debate of higher education issues. The publication's articles and opinion pieces are written independently of the National Center's policy positions and those of its board members.

Subscriptions to National CrossTalk are free and can be obtained by writing a letter or sending a fax or e-mail to the San Jose addresses listed above.

HOPE from page 1

Michelle's decision to come back to Georgia after a year in Tennessee. The maturation process, Mrs. Paquin adds, was helped along by the sight of mounting college loans. Now both of her daughters have HOPE scholarships.

"We told them, as long as they kept

HOPE scholarships made Georgia the nation's most generous provider of merit-based aid, and became the model for 14 other states.

their grades up, they wouldn't have to work," said Mrs. Paquin. "Without HOPE, they'd have had to work, and their grades would have suffered. So it's made our life easier."

Ten years after Georgia launched the HOPE scholarships, the Paquin sisters are billboards for the success of the nation's most ambitious merit-based state college-aid program. But HOPE is becoming a victim of its own success. It is now facing its own version of financial reality as college tuition in Georgia spirals upward, and state support for higher education shrinks.

The brainchild of former Governor and now U.S. Senator Zell Miller, HOPE was designed to keep Georgia's brightest college-bound students in the state and give them an incentive to keep their grades up. It is a simple carrot-and-stick approach.

With funding from a state lottery approved in 1992, HOPE scholarships were phased in to cover tuition, mandatory fees and a book allowance at all public colleges and technical schools and to provide scholarships and grants to Georgia residents attending private colleges in the state. To qualify, entering students must have earned a B average in core curriculum courses in high school, and they must maintain a B average in college to keep the scholarship.



Stephen Portch, former chancellor of the University System of Georgia, says HOPE works because it was designed by a politician, not by educators.

The program quickly made Georgia the nation's most generous provider of merit-based aid, and became the model for 14 other states which have adopted some variation. From September 1993 until May of 2003, HOPE awarded more than \$1.9 billion in scholarships to more than 693,000 students. More than 70 percent of Georgia's high school graduates now qualify for HOPE, up from about 50 percent when the program began.

Although the overall increase in college enrollment in Georgia was small during HOPE's first five years, individual colleges more recently have reported remarkable growth both in enrollment and in the number of students benefiting from HOPE.

At Kennesaw State University, for example, freshman enrollment shot up 66 percent between the fall of 1998 and the fall of 2002, and the number of freshmen qualifying for HOPE increased by 97 percent. The average SAT score for incoming freshmen during that period increased from 1021 to 1032.

"Our academic reputation has really improved over the last five to ten years," said Terry L. Faust, Kennesaw's director of student financial aid. "All that has happened during an incredible growth in the HOPE program. I think the type of student we're reaching and enrolling is different from the students we were enrolling when I came here twelve years ago. I have seen great change in the makeup of our student body, and I don't think HOPE is the only factor, but I think it's a significant factor."

HOPE also gets credit—or blame—for making the University of Georgia, the state's most prestigious public university, harder to enter. As the requirement of a B average has worked up through the system, more and more students have become competitive as applicants to begin at, or transfer to, UGA (which now ranks in the top 20 public universities in the annual *U.S. News & World Report* rankings).

By any measure, HOPE has become one of the most popular and politically untouchable state-aid programs in history. When the program began, families with annual incomes of more than \$66,000 were ineligible for HOPE. That income cap was raised to \$100,000 after a year, and in 1995 the income cap was removed altogether.

Georgians are so protective of HOPE that in 1998 they voted for a state constitutional amendment barring any legislative or political tampering with the program. "HOPE is an entitlement now," said University of Georgia economics professor Christopher Cornwell, who has studied the program extensively and has raised questions about its economic efficiency.

But this rather slapdash growth has come at a cost. The program is now facing long-term funding issues, and no one wants to shoot Santa Claus. In the wake of cuts totaling more than \$200 million in aid to higher education by the state legislature, the Georgia Board of Regents in May was forced to raise tuition as much as 15 percent for 2003-04. Because the HOPE scholarship is tied directly to tuition, the hike puts further pressure on the program's bottom line.

Revenues from the state lottery, while

still rising, are expected to flatten in the next two or three years, largely because of competition from lotteries in neighboring states. The lottery also finances an ambitious and popular pre-kindergarten program, as well as capital outlays for technology in education. Meanwhile, HOPE has been expanded to cover an ever-wider range of student activity fees, and to reward education majors at both the undergraduate and graduate levels who promise to teach in Georgia public schools.

"It is time to begin serious dialogue about bringing some sanity to this process," Georgia Lt. Governor Mark Taylor told the *Atlanta Journal-Constitution* earlier this year. The first step came this spring when the state legislature created a study commission to recommend adjustments to the program.

"There is always talk about making changes, but to this point it's always been changes to expand the program," said Shelley Nickel, executive director of the Georgia Student Finance Commission, which administers the HOPE scholarships. "Now we're at the point where it's been so successful it's putting pressure on the revenue side."

She added, "Nobody wants to be the one who takes HOPE away...but we may be tightening things up."

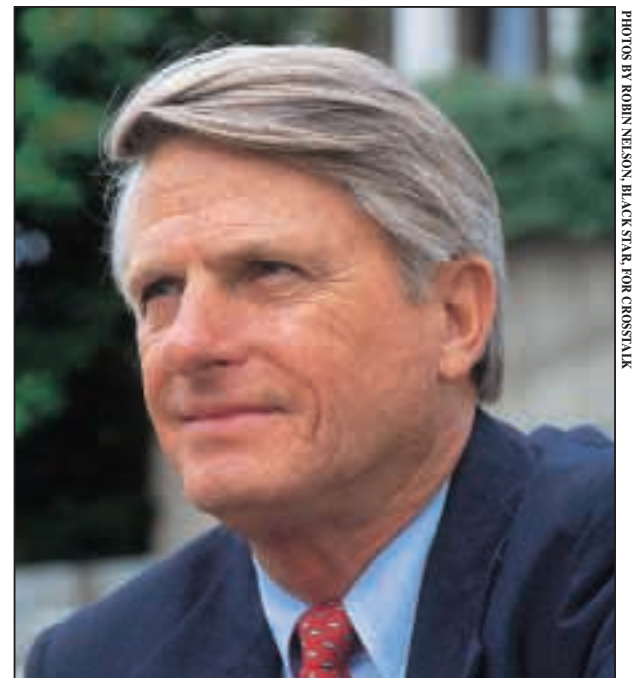
Any attempt to restrict the program will have to overcome a consensus that HOPE—despite the occasional sniping from researchers in academia who have turned the study of HOPE into a cottage industry—is a product of uncanny political imagination.

"Nothing has changed my view that it was a moment of genius by (then-Governor) Miller, it really was," said former University System of Georgia Chancellor Stephen R. Portch. "And had he asked anyone at the time how to design it—rather than just announce it—I think it would have been a lousy program. Be-

Ten years after Georgia launched the HOPE scholarships, the nation's most ambitious merit-based state college-aid program is becoming a victim of its own success.

cause its beauty is its simplicity.

"If you look at any federal financial aid program, they're crazy," said Portch, now a higher education consultant. "You need a Ph.D. to understand them, and they're aimed at kids who didn't have any parents



U.S. Senator Zell Miller introduced HOPE scholarships when he was governor of Georgia.

who went to college. You can't explain federal financial aid—I don't understand it and I've been in the field all these years. But I understand HOPE: You get a B in high school, you get a scholarship. Keep it in college, you keep your scholarship. It's so simple."

Had Miller asked anyone in higher education for advice, added Portch, "we would have complicated it. That's why it's politically so attractive, because you've got to be able to describe something in a sound bite that works in a coffee shop. And this one you can."

The simplicity that Portch alludes to is reflected in the steps Georgia has taken to make applying for HOPE an easy process. The one-page application can be completed in less than five minutes and can even be filed online. When the program began, applicants had to first apply for a federal Pell Grant, and the HOPE money would then make up the difference to cover tuition and fees. This "offset" requirement was eliminated—at great cost—after complaints from college financial aid officials and politicians. Needy students now can apply for both the Pell and the HOPE.

The simplicity is also apparent to students who are receiving HOPE, or who are trying to qualify or re-qualify for it. They call it pressure.

Tim Gramling, a junior economics major here at Georgia College & State University, attended summer school this year in an effort to get his grade point average back to a 3.0 when he is re-evaluated for HOPE in the fall. He received HOPE for two years, then lost it for reasons he attributes mainly to a medical condition. His GPA going into summer school is a tantalizingly close 2.98.

"The problem is that the pressures of learning how to study in college come at the same time (in your freshman year) that you're worrying about keeping your grades up for HOPE," said Gramling.

Chris Koch, of Roswell, a student last spring at Georgia Perimeter College, a two-year college in the Atlanta suburb of Dunwoody, had a 3.75 high school GPA, and didn't worry about the academic requirement for HOPE. But a lot of his

classmates did. “It was a big topic in the last six months of high school,” said Koch, who will be a bio-medical engineering major and a junior at Georgia Tech this fall. “There definitely were a large number of my classmates under pressure to maintain their GPA. A lot of kids I went to school with came from large families. You’re talking about a lot of money if there are three or four kids in college. I probably have 25 or 30 friends where it was dictated: If you can maintain HOPE, you can go to college. Otherwise, you’re on your own.”

In Koch’s case, his parents saw HOPE as a chance to save money after having paid to send their son to a private high school. He had considered the University of Pennsylvania, but found that it was going to cost \$37,500 a year. “When I looked at the dollars and cents,” he said, “it didn’t warrant the additional outlay, when I was already from here. All other things being equal, HOPE certainly had an influence on me staying in state.”

While students and their parents tend to see HOPE in black and white terms, academic researchers are more likely to see shades of gray. They have crunched a lot of data and have come up with somewhat different conclusions: One is that HOPE has had only marginal success in improving access to college and improving academic achievement; the other is that HOPE has succeeded broadly in curbing the brain-drain of students to out-of-state colleges and has demonstrably improved academic performance within the state.

A team of researchers led by Cornwell and colleague David Mustard at the University of Georgia, for example, found that HOPE may have produced some “unintended consequences”: students taking fewer classes per term in order to delay their time to graduation; withdrawing from difficult classes at a higher rate; taking less difficult classes and majors, and taking more classes during summer school, when grades are typically higher.

Cornwell’s team also documented what it calls the “distributional inequity” of the “implicit” lottery tax, finding that counties in Georgia with relatively large shares of African Americans, low-income and/or poorly educated people spend relatively more on lottery tickets, thus bearing the largest share of the lottery burden.

On the other hand, researchers at Georgia State University found in a study of HOPE scholarship “borderline” recipients that they take more courses, make better grades and are more likely to graduate in four years than their peers who didn’t get the HOPE. “That’s my definition of academic performance,” said GSU Professor Gary Henry, who headed the study.

Thomas Pavlak, associate director UGA’s Carl Vinson Institute of Government, does not agree with the notion that HOPE is a model of economic inefficiency. From his surveys of UGA students, he said, he is convinced that some of them wouldn’t have been able to attend college without HOPE, or would have gone out of state if they had been able.

“There’s a lot of these kids that, had they gone out of state, might have been

lost to the state,” said Pavlak. “We had been importing educated talent for a decade (before HOPE). We had to develop our own native talent. So it’s been a good economic investment.”

While researchers may disagree on the economic or academic nuances of HOPE, the underlying debate is about merit versus need, and it is that issue that is most likely to create a furor if any major restrictions on the program are proposed.

Stripped to its essentials, the issue is whether it is good policy for lottery players to finance a college education for families who can afford to pay for it themselves, and who would do so anyway if the HOPE scholarship did not exist.

Georgia will spend more than \$441 million on HOPE in the next fiscal year, but has only one small need-based financial aid program, a federal-state matching effort called LEAP (Leveraging Educational Assistance Partnership).

“This is one of the great deals of all time for a middle- to upper-income, non-lottery-playing voter,” said Cornwell of the political appeal.

The argument for addressing need before merit is summed up by Gary Orfield, co-director of the Civil Rights Project at Harvard University, who wrote earlier this year in *Trusteeship*, the magazine of the Association of Governing Boards of Universities and Colleges, “Higher education’s paramount value must be equal opportunity. We must not allow our excellent system of higher education to become an instrument for perpetuating and reinforcing privilege.”

Those who favor a scholarship without regard to family income offer several rebuttals. Former Chancellor Portch, for example, believes that the federal govern-

“It’s a political hot potato—but something has to be done pretty soon or we’re going to see some real serious budgetary problems.”

—TERRY L. FAUST,
KENNESAW STATE UNIVERSITY

ment should be responsible for needs-based aid and the states should be free to tailor their financial aid programs as they wish.

“It’s a scholarship, and if it’s a scholarship, students should not be punished because of their parents’ earnings,” said Portch, adding, “I’ve become rather tired of the needs versus merit debate, because I don’t think it’s an either-or debate. I think you have to have both.”

Henry, the Georgia State University professor, acknowledges that the HOPE program is “clearly inefficient from an economics standpoint,” because money is being paid to students who would otherwise pay for college themselves. But he contends that flaw is potentially offset by the greater levels of effort that students put out to get the grade point average

they need.

“Economists say it’s inefficient, but public policies don’t always have to be efficient to be good public policies,” said Henry.

Efficient or inefficient, good public policies have to be paid for. That is the challenge facing Georgia officials as they assess HOPE, and there is no shortage of opinions on what needs to be done.

“Nationally, the state of Georgia gets beat up about not having needs-based scholarship and grant programs,” said Nickel, who administers HOPE. She said Sonny Perdue, the current governor, wants to preserve HOPE, “but is also mindful of the costs, and recognizes we will have to do something to tighten up loopholes or whatever the issue may be, to make sure it stays there for the students who deserve it.”

Nickel says the issue of restoring some kind of income cap is likely to be studied, along with a variation on the theme. One possibility, she speculated, would be to give all B students an award—not tied to tuition—that they could use at any public or private college, with an additional amount going to students who have financial need.

One outsider who has studied HOPE, Donald Heller of Pennsylvania State University’s Center for the Study of Higher Education, said he would point Georgia officials toward Indiana’s 21st Century Scholars Program, which he called “a good program that gets it right in terms of need and merit.”

“If the concerns are reining in costs, if they really want to improve both the equity and efficiency of the program,” said Heller, “I think the best thing the state of Georgia could do is implement some form of means testing.” But, he acknowledged, “It’s not going to be politically popular.”

Heller also questions whether the 3.0 grade requirement for HOPE may be too high. “Is that GPA excluding people who could otherwise be successful in college and could really use the financial assistance in order to afford college?”

University of Georgia economist Cornwell said one thing the state could do is cut the HOPE award loose from tuition values. That link “automatically raises the claim on the funding source,” he said. “And it means the Georgia plan is going to eventually absorb all the lottery money.” Currently, about 36 percent of Lottery revenue goes to HOPE. Cornwell also suggests that the state put an expiration date on HOPE awards, as many other states have done. Currently HOPE eligibility covers up to 127 credit hours, but there is no limit on how long a student can take to amass those credits.

Suzanne Buttram, director of student



HOPE has “been so successful it’s putting pressure on the revenue side,” said Shelley Nickel, executive director of the Georgia Student Finance Commission.

financial aid at Georgia College & State University, said the easiest solution is to “get back to basics where HOPE began—tuition and fees for Georgia residents.” Buttram, who questions the wholesale fashion in which other targeted scholarships have been added to the HOPE program, said she would look first at cutting the book allowance, which now totals \$150 per semester.

Portch said there is a quick and simple fix for HOPE. “It’s a no-brainer: You take the fees out of it. A scholarship that covers tuition is perfectly adequate. Adding fees to it is not necessary, long term, and that would have a very significant savings. There doesn’t seem to me to be an overriding rationale for it supporting anything but tuition.”

Faust, the director of financial aid at Kennesaw State, said the “word on the street is that somebody’s going to have to go out there and restrict expenditures. The only way you can do that is tighten up on eligibility or restrict some benefits. I don’t know who’s got the guts to stand up and say we’ve got to do it. It’s a political hot potato—but something has to be done pretty soon or we’re going to see some real serious budgetary problems.”

U.S. Senator Miller, the man who conceived HOPE, said he is reluctant to give advice on how to stabilize the program, but speculated nonetheless. He said the original intent behind having a state lottery was to give priority to funding a pre-kindergarten program and the HOPE scholarship, and that funding a technology program was something that could be done later, or not at all. “I always thought you’d have to come back and do away with it (the technology program),” he said.

“It might be educational to look at how it was built incrementally as you begin to think about changes,” Miller added. “We built it step by step as we could afford it. As more students are covered, and therefore you can’t cover them as well, perhaps you could look at going back in increments, just like we raised it in increments. It was not born full-grown.” ♦

Don Campbell is a freelance writer and a lecturer in journalism at Emory University.

Volume Discounts

OhioLINK is a purchasing consortium, and a state-of-the-art library system

By Ron Feemster

GAMBIER, OHIO

FOR MOST OF HER 25-year career, Kathryn Edwards, a professor of biology at Kenyon College here, trekked to Ohio State University two or three times a month to keep up with the latest journals. Like small-college professors everywhere, she requested reams of photocopies, shared journal subscriptions with friends at other schools, and papered her office with stacks and stacks of reprints. But even the most vigorous correspondence was no substitute for browsing a well-stocked periodical room. Only a large university could afford the specialized subscriptions that sustain professional research, so day trips to Columbus became part of her job.

Over the past few years, a reorganized higher-education library system has cut down on Edwards' travel time. The Ohio Library and Information Network, a statewide consortium of university, community college and private college libraries known as OhioLINK, began purchasing journals and research databases together.

The group buys one large discounted subscription—often the entire collection of a publisher—and pays the bill with dedicated funds from the state budget. When state funds don't suffice, OhioLINK prorates the costs across the member schools according to their enrollment. Either way, small private colleges get essentially the same access—and the same discount—as large universities. Journals and databases that were once out of reach for Kenyon are now available directly on Edwards' desktop.

"For years I asked for the Science Citation Index, but Kenyon couldn't afford it," Edwards remembers. "Now I teach students to use it online. While I'm at it, I point out the Social Science and Arts and Humanities indexes. We get them all bundled together in a database called Web of Science. Humanities students sometimes don't know it's there until I show them."

By purchasing as a group, the consortium has cut about 75 percent off the list price of electronic journals and reference databases. If all 83 member libraries in the state had subscribed individually to the electronic journals ordered by OhioLINK, they would have paid \$77.6 million in 2002. Instead, the state paid \$19.4 million. Similarly, the group licensing cost of reference databases was \$3.1 million, about one third of the cost if schools had paid for individual licenses.

Of course, most schools in the state could not have afforded these resources without the discount. The state's libraries never would have paid \$82 million for online materials. In fact, their expenditures likely would have remained in the \$20 million range, which was, after all, the amount of money the state had available. OhioLINK simply made it possible for the state's higher education libraries to get more resources for the dollar and to distribute them to all schools, instead of reserving them for big-budget research universities like Ohio State.

"Our goal is to leverage the purchasing power of the state's higher education libraries," said Tom Sanville, the chief executive of OhioLINK since 1992. "We go to publishers and try to give them a little more money than they are making at our schools now, in exchange for a lot more access. The advantage to the publisher: They have one customer and they only have to send out one invoice." Sanville holds a University of Michigan MBA, not a library degree. He began his management career as a soft-drink marketing executive, and learned the library business during a ten-year stint at the Online Computer Library Center in Dublin, Ohio.

Viewed simply as a purchasing consortium, OhioLINK is not unusual. By some counts, as many as 200 library consortia have sprung up around the world since the mid-1990s to negotiate volume discounts with electronic publishers. Sanville says "definitional problems" make it hard to determine just how many consortia exist, since many overlap and some are short-lived. Sanville calls himself the "unofficial leader" of the International Coalition



Kenyon College biology professor Kathryn Edwards no longer must travel to Ohio State University to obtain scholarly journals; now OhioLINK brings them to her desktop computer.

of Library Consortia, an informal group of about 100 consortia that maintains a web site at Yale University.

Today, in fact, most schools in every state reserve part of their acquisitions budget for joint purchases of online resources. However, many of these groups are loosely knit buying clubs with no funding source outside the individual schools' acquisitions budgets, and no centralized decision-making bodies.

In Ohio, even widespread disagreement about the value of an online product can be exploited for the common good. If only a few schools are willing to pay for a particular database, Sanville will often try to get the product for all schools and bill only those who intend to use it heavily. This he refers to as the "NPR model," after the fundraising techniques of National Public Radio. Karen Greever, the acquisition librarian at Kenyon, said her school paid \$8,000 in "NPR" fees in 2001 to maintain access to a biographical index, as well as bibliographies and databases on anthropology, art and the history of art. Kenyon, a liberal arts college, did not pay for an engineering database but did receive access to one.

In 2003, as OhioLINK dealt with a budget cut of nearly nine percent (from an operating fund of \$7 million), Sanville asked librarians to contribute to what he calls a "war chest" for essential items that the budget no longer covers. War chests assess each school a fee based on the number of full-time equivalent students. In fiscal 2004, with a budget even tighter than last year, some data bases are being closed.

With the notable exceptions of Georgia and Utah, few states have successfully wedded libraries from different types of institutions. OhioLINK's members include 15 universities, 42 liberal arts colleges, 23 community college libraries, two stand-alone medical school libraries and the state library.

OhioLINK was the first consortium to support public and private college libraries with state money, and the first to promote not just interlibrary lending, but the effective unification of public and private collections in a single catalogue.

"The Ohio Board of Regents' mission is higher education in the state—not just public higher education," said Sanville. "That is the root of our non-exclusionary policy." The regents submit OhioLINK's budget directly to the state legislature. As a dedicated line item in the state budget, OhioLINK offers publishers a stable negotiating partner and provides non-public

By purchasing as a group, the Ohio Library and Information Network has cut 75 percent off the list price of electronic journals and reference databases.

member institutions with a back-door subsidy.

Private schools do have to put a certain amount of money into the communal budget of OhioLINK—one college with 1,200 full-time students paid \$12,000 in 2001, for example. But the return is enormous: access to all books in all of the 83 member libraries, to the system's entire online journal and database collections, as well as to digital materials in house—from historical maps and photographs to art images, audio and visual files, even satellite downloads.

"What OhioLINK does is create a huge state library," said Stephen Foster, library director at Wright State University, in Fairborn. Foster arrived in Ohio in 2001



OhioLINK allows Kenyon College astrophysicist Keith Rielage to assign arcane honors thesis topics.

from Central Michigan University, a school with an enrollment slightly larger than Wright State's 16,000 students. "In comparison to what we could offer there, the same amount of money goes much farther here," Foster said.

OhioLINK, which will celebrate its eleventh anniversary in October, did not start out as a purchasing consortium. In fact, it was born of a library space crisis. In the late 1980s, the Ohio Board of Regents was overwhelmed by requests for \$120 million in library construction funds to house expanding book collections on several campuses.

The regents quickly determined that this request was the harbinger of an unaffordable cycle of library construction. The

By some counts, as many as 200 library consortia have sprung up around the world since the mid-1990s to negotiate volume discounts with electronic publishers.

state had completed a similar round of construction less than 20 years earlier, and research indicated that university collections generally double in size every 20 years. Attempting to find a new solution to the problem, the regents appointed a Library Study Committee, which made two recommendations that changed the way libraries operate in the state. They also laid the groundwork for OhioLINK.

First, the committee called for an off-site storage and delivery system for library materials. Ultimately, the state built six depositories in different regions of Ohio, each with a capacity of roughly 1.5 million volumes. Books are stored in climate-controlled warehouses and sorted by size instead of subject matter, in order to pack them more densely.

Trays of books perch on industrial shelving 30 feet high, 180 feet long and three feet deep. Workers use specially modified electric forklifts to retrieve and restock volumes. Together, at the end of last year, the facilities contained about 5 million books and journal volumes. The collective cost of construction was less than \$12 million, compared to projected costs of \$75 million for conventional libraries housing a similar number of books.

This method of book storage, which was pioneered at Harvard University in the 1980s, has made it possible for Ohio State to reconsider the consequences of the utilitarian renovations to its Main Library building in the 1950s and 1970s. After seeing the success of OhioLINK's book storage, OSU raised money for a book depository of its own. The school is beginning to store new acquisitions off site and will remove 500,000 of the 2 million volumes housed in Main Library, which was built in 1913. There are plans to restore work spaces for patrons, including the ornamental main reading room, which were lost

when the school built a false ceiling and turned it into two separate floors.

"No more libraries will be built to store books," said Joe Branin, Director of Libraries at Ohio State University. "We will be building or renovating for public spaces from now on."

What made the book depository system work, and later proved to be the cornerstone for statewide cooperation, was the regents' commitment to develop a unified electronic catalogue. Under the new system, individual users could access bibliography records from any library online and request direct delivery to their home library. In November 1992, the catalogue was activated with six libraries online. Today, the system's 83 member libraries hold 7.9 million unique entries.

Even OhioLINK member librarians have been surprised to learn that 56 percent of these titles were single copies unduplicated by other libraries. Only 30 percent of the bibliographic entries on the system referred to books held by three or more institutions. "There was more unique material in the small libraries than any of us knew," said Carol Pitts Diedrichs, the head of collections development at Ohio State. She points out that having an online overview of statewide holdings helps individual libraries to plan. "At Ohio State we ask ourselves, Do we really need this book if the computer shows there are three or four copies of the book elsewhere in the system?"

In the beginning, librarians expected the small schools on the system to "raid" the libraries of the universities. If anything, the breadth of the collection has led to the opposite result. Scottie Cochrane, the library director at Denison University (enrollment 2,100), recently catalogued part of her school's late 19th century journal collection for OhioLINK. "We put it online and it has been requested constantly ever since," she said.

Unifying the catalogue has made the best of small collections visible to researchers at larger schools. Bringing these dispersed treasures to light has helped make independent colleges major lenders as well as borrowers in the system. Last year, they made 23.4 percent of all borrowing requests, but their libraries were lenders in nearly as many transactions.

The system uses algorithms to spread the lending of common items as evenly as possible in order to keep large schools like Ohio State from becoming overly strong borrowers. University borrowing requests lagged slightly behind loans in 2002—69 percent to 70 percent. (In 2001, university borrowing outstripped lending 73 percent to 71 percent.) Two-year colleges processed 7.2 percent of the system's borrowing requests and 6.3 percent of loan requests in 2002.

OhioLINK's member institutions enroll full-time 450,095 students. Approximately 60 percent attend universities, while about 19 percent are enrolled at independent colleges, and another 21 percent at two-year institutions.

Direct online borrowing is not to be confused with traditional interlibrary loan programs. Instead of going to the library and filling out interlibrary loan requests,

which are then processed within the sending and receiving institutions before a book is taken off the shelf, OhioLINK patrons find an item they want in the catalogue and order with a single mouse click. Most books from outside libraries are delivered within two to three days, instead of weeks for many interlibrary loan requests. The quick turnaround makes outside lending a viable option for undergraduates, whose projects are often on tighter deadlines than graduate students' work.

For example, at Wilberforce University, an historically black college with 63,000 volumes on campus, students typically borrow books from several schools to complete a single larger project. Rachel Armour, a senior who wrote

about the influence of Western mass media on Nigerian culture last fall, had 14 books on loan from nine libraries one day last November. "I could never have done this project without OhioLINK," she said. "We have a good collection of African American literature, but I need other resources for studying Nigeria."

"For other undergraduates, it is the multiple copies, not the esoterica that matters," said Jean Mulhern, the Wilberforce library director, noting that students can sometimes borrow books that they would otherwise have to buy. "Or sometimes it is possible for a professor to order a book for a single chapter. Maybe it would be too expensive to buy, and we don't have it. OhioLINK's unified catalogue has increased the range of reserve-desk materials."

Some faculty members have found that the larger OhioLINK collection allows students to tackle projects that would be too ambitious, even for good small-college libraries. Keith Rielage, a 28-year-old astrophysicist on a one-year teaching appointment at Kenyon College, was initially reluctant to supervise an honors thesis on primordial black holes. The literature on what he described as "smaller black holes" is widely scattered. Rielage was concerned that too few articles could be assembled to sustain a thesis.

"We found that some of the key literature was published in an Italian journal during the 1970s and 1980s," Rielage said. "OhioLINK delivered copies within five days. At that point, I let the student go ahead with her thesis." Rielage had done



Joe Branin, director of libraries at Ohio State University, stands in one of six massive book depositories the state has built.

his undergraduate work at Miami University of Ohio, so he was familiar with OhioLINK. But he had not anticipated the rapid improvement in journal access. "OhioLINK was pretty good when I was here as an undergraduate. But it is much better now."

Member librarians can download statistics on journal use, school by school, on the OhioLINK web site. From the largest research library to the smallest private college, students are accessing more journals than ever before from the Electronic Journal Center. Between 1998 and 2002, users made 7.1 million downloads from the EJC. Nearly 80 percent of the articles were

OhioLINK patrons find an item they want in the catalogue and order with a single mouse click.

downloaded during 2001 and 2002, and usage continues to increase.

EJC has not only increased the volume of journal use on Ohio campuses, it has brought journals to the library that have never been available in print. At 15 OhioLINK university campuses, which subscribe to an average of 800 journal titles in print, users downloaded articles from more than 3,500 different publications last year. At independent colleges, which average fewer than 50 print titles, users downloaded more than 1,300 different

continued on page 14

California Cuts to the Bone

Community colleges are hit hard as a result of state's record budget deficit

By Kay Mills

LOS ANGELES

CALIFORNIA'S BUDGET crisis is more than a headline for Israel Stepanian, a second-year student at Los Angeles City College, where a \$5 million mid-year budget cut has led to the elimination of 330 class sections and the closing of the tutoring center that helped

Like other states, California is in a budget fix, in large part because the faltering economy has reduced tax revenues even as the state's financial burden has increased.

Stepanian improve his English.

"Many foreigners like me need help, especially with English," said Stepanian, 26, who moved to the United States from his native Armenia in 1994. Floundering with his English papers, Stepanian was referred to the writing center; his English grade improved and eventually he was hired as a tu-



Los Angeles City College President Mary Spangler says budget cuts cause "serious repercussions through the college...It pits groups against groups."

tor himself.

But last spring the center, with its \$20,000 budget, was eliminated. "Now, I can survive because I passed the hardest part," Stepanian said. "This school made me what I am. When the school cannot treat new students the same way, they are not going to survive."

Located just off the Hollywood Freeway, not far from the Los Angeles Civic Center, LA City College draws heavily on its ethnically and racially mixed neighborhood. Many students, like Stepanian, need help with English. In any given year, one fourth of the student body may be foreign born. Countries in the former Soviet Union, such as Armenia and Russia, top the list of home countries, followed by South Korea, the Philippines, El Salvador, Japan and Mexico.

Last fall, 40.9 percent of LA City College's 18,372 students were Hispanic, 15.1 percent were Asian, and 11.9 percent were African American. "Look at this campus," said college President Mary Spangler. "It's a United Nations community."

Big-city community colleges are not the only ones feeling the pinch as California tries to close a budget deficit estimated to be more than \$38 billion, larger than the entire budget in all but one other state (New York).

The impact also has been felt in the Yuba Community College District, which covers 4,192 square miles of farm country, an hour's drive north of Sacramento. Midway through the last academic year, the Yuba district had to slash its budget by \$1.2 million. District officials eliminated class sections, laid off some part-time faculty, reduced travel, and imposed a hiring freeze. They also cancelled the January inter-session, a period when some students would have taken remedial work or prerequisites for other courses.

For the 2003-04 academic year, Yuba is expecting another \$7 million cut—15 percent of the total operating budget—in order to balance the budget and also maintain a \$5 million reserve for emergencies.

(Final figures will not be known until Governor Gray Davis and the legislature agree on a budget. As this issue of



PHOTOS BY AXEL KOESTER FOR CROSSTALK

The writing center that helped Los Angeles City College student Israel Stepanian learn English has been closed because of a budget crisis

National CrossTalk went to press, there was no agreement, and appropriations for community colleges remained in limbo.)

Problems like those at Los Angeles City College and the Yuba Community College District can be seen not only throughout California but also nationwide, as states trim higher education spending in order to reduce budget deficits. In many states, community colleges face deeper cuts than do public four-year colleges and universities, because the two-year schools depend heavily on state governments for their money, rather than on tuition, alumni and corporate donations and federal research grants.

This has been especially true in California since 1978, when voters passed Proposition 13, limiting the property taxes on which local schools and community colleges once depended. Now the state provides about two thirds of the funding.

The overall budget for California's 108 community colleges is expected to be about \$5 billion this year (again, depending on how the governor and the legislature resolve the budget impasse). These campuses are organized into 72 college districts, each with its own governing board. There is a statewide Board of Governors, and there is a statewide chancellor—Tom Nussbaum—who have very limited powers.

Because of the mounting state deficit, the colleges' budget was cut by \$161.5 million, or 3.2 percent, in the middle of the last academic year. Governor Davis had proposed even steeper mid-year cuts, but the legislature balked.

Even as the colleges were hacking away at programs to make those cuts, Davis announced his 2003-04 budget, with \$530 million, or 10.5 percent, in community college

reductions from last year's final budget act. The governor also asked for a tuition fee increase from \$11 to \$24 per credit unit. Even at \$24, the California community colleges would remain among the least expensive in the nation, the non-partisan Legislative Analyst has pointed out.

After statewide protests by community college students and faculty, Davis revised his budget in May, restoring most of the money for several programs that serve low-income and disabled students, and lowering the tuition increase to \$18 per unit. But the revised budget still called for \$285 million, or 5.6 percent, in cuts for the

The governor asked for a tuition fee increase to \$24 per credit unit. Even at \$24, the California community colleges would remain among the least expensive in the nation.

two-year schools.

Like other states, California is in a budget fix, in large part because the faltering economy has reduced income and sales tax revenues even as the state's financial burden has increased due to inflation and population growth. In addition, in the good years over the last decade, California increased spending to reduce class size in the early grades, provide health insurance for more poor children, and expand financial aid for college students.

What has happened during the past

school year, and what is likely to happen this fall at LA City College and at the Yuba Community College District, is commonplace around the state. Students will find fewer classes in which to enroll but will pay more for them. Part-time and even some full-time faculty are losing their jobs, and those who remain probably will teach larger classes. And administrators must make hard decisions.

Nicki Harrington, president of Yuba College, said “the mid-year reductions were very difficult because it was hard to

The overall budget for California's 108 community colleges is expected to be about \$5 billion this year.

pull the rug out. We were scrambling to carve anything we could out of the schedule before classes started.” Of the \$1.2 million in mid-year cuts, \$800,000 to \$900,000 was achieved by eliminating class sections.

“That was tough but the real difficulty lies ahead,” Harrington said. If, as expected, Yuba must cut another \$7 million from the operating budget, it will have 40 fewer positions—faculty, administrators and staff—this fall than Harrington thinks are needed to run the college adequately.

When a school lays off faculty, Harrington added, “you lay off the last hired. Often they represent the most diversity. They are also the people who have been out in the community and are aware of what’s going on, the people who can relate to students best.”

The original Davis budget projected a statewide decline of about 64,500 FTEs (full-time-equivalent students) from last year’s enrollment of more than one million, due to the proposed sharp tuition increase.

In the revised May budget, containing a smaller tuition increase, the community colleges would serve about 40,000 more students than the initial budget allowed.

Community college students—many of them working adults who usually do not have time for protests—showed how unhappy they were with the budget at two large rallies last spring, first at the state capitol in Sacramento, then in Pershing Square, in downtown Los Angeles. They were especially vocal about the proposed cuts in programs for low-income and disabled students—cuts that have been largely rescinded since then.

There were also on-campus rallies. Heather Kirkpatrick, a 19-year-old Yuba College student, was asked to speak at the protest at her school. “I honestly thought there would be 20 or 30 students there, and I could handle that,” she said. “I walked in and there were over 500 people in the cafeteria. For me, that showed a lot of support.” Two full buses went from Yuba College to the Sacramento rally.

At the Pershing Square demonstration, students and faculty from LA City College, Los Angeles Trade Tech, Santa Monica College and other area campuses carried signs proclaiming: “I Had a Dream... Community College” and “War Budget Leaves Every Student Behind.”

Gilberto Torres, 45, a student at LA City College, said he had been working as an electrician’s helper when he learned that studying dental technology might lead to a good job. He was about to graduate from that program but attended the rally because he was “hoping to make it better for the next generation.”

Torres had received a \$300 book voucher from the Extended Opportunity Program and Services (EOPS), which also provides counseling, tutoring and meal vouchers for low-income students. The governor’s initial budget proposed cutting this program by \$43.2 million, or 45 percent, statewide. Thirty million dollars of the proposed cut was restored in the May revisions.

Even if the final budget includes most of the money for this program, EOPS students still will be affected because LA City College will cut 400 more class sections this fall. Betsy Regalado, dean for student access and retention, said students must take 12 credit hours to qualify for EOPS, but with classes being sharply cut back, many will not be able to enroll in enough courses to remain in the program. EOPS serves 4,200 students, from a full-time enrollment of 15,700. LA City College President Mary Spangler had been hoping for an operating budget of \$55 million to \$56 million for the coming year, an increase of \$2 to \$3 million over 2002-03. It won’t happen. In the worst-case scenario, the college must make \$4.55 million in reductions, in the best case \$3.17 million. “That causes serious



AXEL KOESTER, FOR CROSSTALK

Angry students and faculty members marched in Los Angeles last spring to protest community college budget cuts.

repercussions through the college,” Spangler said.

The school is reducing basic skills programs, cutting library hours, dismissing temporary workers, not filling vacant jobs, considering furloughs for administrators, and freezing supply budgets. Dana Cohen, who heads the dental technology department, said he paid for the wax and plaster his students needed this spring out of his own pocket.

Last year the college reopened a nursing program, a move that some campus critics questioned. “Why did we do it, knowing we would not have any more money?” Spangler asked rhetorically. Because, she said, LA City College is located near three major hospitals that were desperately short of nurses. People in the community also need to find good jobs so they can work in the area and not commute long distances, Spangler said, so the program seemed a good fit. Now she worries that the Board of Registered Nurses might question whether the college can afford to keep the program open.

LA City College also is building a parking garage and new buildings for science and technology and for health education. This construction money comes from a county ballot measure that was passed in 2001 and cannot be shifted into programs or salaries, but Spangler said the timing was distressful for some. “At the very time we are having to reduce classes, we are building and renovating. People don’t understand.”

Likewise, the Yuba Community College District is using bond funds

for a new \$5.8 million science building on its Woodland campus; again, students do not understand why construction is occurring while classes are being cut.

The mid-year elimination of class sections by the Yuba district “devastated areas like information technology, computers, automotive technology,” said Kevin Trutna, associate dean for those areas.

Since community colleges are the leading provider of job training, “Why take money away from one of the answers to the economic problems?” asked Yuba College President Nicki Harrington. Jim Buchan, a member of Yuba’s board of trustees, added, “people who are laid off come to community colleges for retraining—they don’t go to UC (the University of California) or CSU (the California State

continued next page

ROD SEARCEY, FOR CROSSTALK



California State Senator Jack Scott, a former community college president, is trying to keep budget cuts in the two-year schools to a minimum.

ROD SEARCEY, FOR CROSSTALK



Yuba College student Heather Kirkpatrick worries that higher tuition might interfere with her plans to transfer to a four-year campus.

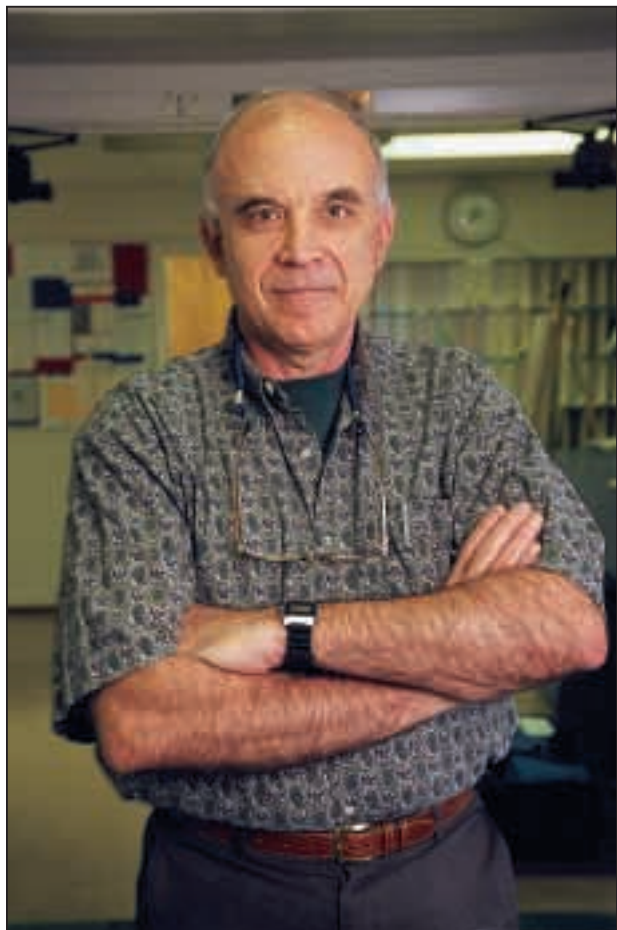
from preceding page University).”

But UC, Cal State and public K–12 schools have more political clout than the two-year colleges. UC has prestige and powerful alumni, while many legislators are Cal State graduates. Teachers unions contribute heavily to political campaigns, and parents can raise a clamor to fund the public schools. “It’s plain politics,” said Mark Drummond, chancellor of the nine-campus Los Angeles Community College

Part-time and even some full-time faculty at community colleges are losing their jobs, and those who remain probably will teach larger classes.

District. “The teachers can flex their muscles. We have to figure out how to flex back to get our share.”

Community college administrators and faculty worry that such deep cuts will fundamentally alter the way their schools serve students. “If I were to draw an analogy, I would say it’s like putting someone in prison camp,” said Roger Wolf, chairman of the LA City College mathematics, computer science and technology department, which had its class hours cut deeply at mid year. When people leave a prison camp, Wolf said, “they are skinny and weak. They can’t just bounce back. It takes time to regain their strength when you strangle somebody like that. You can trim fat, but once the fat is gone, you are cutting into muscle, into the strength and vigor.



“A college has to have a certain breadth and depth of offerings,” said Los Angeles City College instructor Roger Wolf, decrying cuts in programs.

“A college has to have a certain breadth and depth of offerings to be a college, to offer a genuine higher education,” Wolf added.

Because of the diversity and motivation of the students, many faculty members love teaching at LA City College, said Alexandra Maeck, chair of the English/English as a Second Language department. “You see how much the students want to learn and what many of them sacrifice to come to class.” That is why it is so painful to deny students an education, she said.

The elimination of so many class sections might mean it will take students longer to get the courses they need. If fees go up, some will have to work longer to pay for the increases. Heather Kirkpatrick, who is studying kinesiology at Yuba College, carried 18 units last spring while working three jobs. She is saving money to transfer to the Cal State system, but a fee increase will cut into those savings.

“I think that soon, instead of students needing two or three years to finish community college, it will be four years and six years to get their degree,” Kirkpatrick said. “And a lot won’t be able to get degrees because they can’t afford it.”

California’s minority students will be hard hit by the community college cuts. Hispanics made up 27 percent of statewide community college enrollment in fall 2001, African Americans another seven percent. On University of California campuses, in contrast, Hispanics were 11 percent of the student population, African Americans three percent. In the 23-campus Cal State system, Hispanic students were 20 percent, African Americans six percent.

“The future of California is reflected better in the community colleges than in any other sector of higher education,” said state Senator Richard Alarcon, a Democrat from Van Nuys. “You have to be sensitive to what communities are most negatively impacted. If your cuts are not at UC or CSU but are at the community colleges, then Mexican Americans and African Americans would be most negatively affected.”

Community colleges are what makes this country better than other countries, said Alarcon, who years ago took economics and bookkeeping courses at San Fernando Valley College, after earning a bachelor’s degree from Cal State Northridge, and whose son and daughter both attended Los Angeles Mission College, a two-year school. “We have a higher education system specifically for working-class people.”

The community colleges’ budget for next year might be an improvement over Governor Davis’ May revisions, if and when a final budget is enacted by the legislature. If so, it will be because several key legislators insisted on better treatment

for the two-year colleges, especially state Senator Jack Scott, a Pasadena Democrat who chairs the senate budget subcommittee on education, and Senator John Vasconcellos, of San Jose, a veteran Democratic member of the subcommittee.

“We said we would not let a budget out of here that treats the community colleges so unfairly,” said Scott, a former president at both Cypress College in Orange County and Pasadena City College.

But the Scott-Vasconcellos proposals are part of a Democratic budget that depends on higher taxes, and Republicans in both the senate and the assembly appear to be determined to oppose any tax increases. Democrats control both houses but need a handful of Republican votes to reach the two-thirds approval required to pass a budget.

Meanwhile, State Controller Steve Westly says the lack of a budget means there is no money to send to community college districts. Statewide Chancellor Tom Nussbaum said most districts should be able to survive on reserves and other emergency funds through August, but if there are no state payments by then, “it’s going to be very difficult for some districts.” At least one—College of the Redwoods, on the far northern California coast—is considering cancellation of fall semester classes.

Yuba needs \$3.5 million a month to meet its payroll and other obligations, President Harrington said. Her district, and others in the state, probably will seek tax anticipation revenue notes—loans—from institutional investors to tide them over. But Robert Turnage, vice chancellor for finance in the statewide office, said districts that have to borrow money and pay interest on the loans “are spending money on things other than the classroom.”

Mary Spangler, the LA City College president, said the uncertainty and the budget-cutting climate are destructive to the culture of a college. “It pits groups against groups,” she said. “The faculty is sure the administration does not care about the instructional program. The staff thinks that the faculty gets all the attention and money. The students think we don’t care about them, because we have had to reduce tutoring and library hours. The administration becomes the whipping boy.”

Spangler herself won’t be around to see the budget outcome. She has accepted a job as chancellor of Oakland Community



Dana Cohen, who teaches dental technology, must supply his own wax and plaster for students because of budget cuts.

College, north of Detroit, which has an enrollment of 75,000, 14th largest in the nation.

Spangler, who has been president at LA City College since 1997, said she is not leaving California because of the budget situation but added that Michigan community colleges are in better financial shape because they are not as dependent on the

The University of California, Cal State and public K–12 schools have more political clout than the two-year colleges.

state for most of their money. Oakland receives only 17 percent of its budget from state appropriations, the rest from a form of property tax. In addition, the college can keep the tuition revenue it collects, instead of sending it to the state, as California requires.

Spangler said Sacramento “needs to look at what they want their system to look like ten years down the road. We could destroy what we have. We’ve been nibbling around the edges, now we are cutting it to the bone. In the 1960s, California was a leader in higher education. Why can’t we be again?” ♦

Former Los Angeles Times editorial writer Kay Mills is the author of four books, including one on the federal Head Start program.

OTHER VOICES



Creating an Effective Market

Higher education in the age of accountability

By Frank Newman

AS THE NEW MILLENNIUM gets underway, higher education finds itself facing increasingly intense questions about “accountability.” To what should higher education be accountable, and to whom? Why is this such an issue now?

First, I believe that there is a longstanding mutual commitment between American society and American higher education, an unwritten but powerful compact. Society provides academic freedom, the right to discuss controversial subjects openly, funding, tax exemption and—most importantly—respect and trust.

Higher education warrants in return that it will provide students an education that is fair and objective (not an indoctrination), and of the highest quality, in order to prepare them for a life of workforce and civic participation, as well as trustworthy scholarship and research. Recently, the need to ensure quality (not just espouse it) and efficiency has been added to our responsibilities by the public officials representing the society.

Today, these commitments are more important than ever. Higher education has become more central to the performance of both the economy and the civic development of the community—as every state governor has argued. For the individual, it has become the essential ticket to the middle class. Higher education, in short, matters greatly to society.

At the same time, major flaws in the operation of higher education have become visible in a system long renowned for its quality. Research over the last 40 years has documented that, in general, college students gain in knowledge, intellectual skills and personal development at a rate that substantially exceeds that of non-attendees of comparable promise. More recent research has documented the sizeable premium in lifetime earnings of graduates. Across the globe, American universities and colleges remain the gold standard in the eyes of students, academics and political leaders alike.

However, there are some cracks in the armor. The learning level is strikingly uneven among students, even students at the same institution. The low rate at which students complete their degrees is alarming. The average five-year institutional graduation rate is approximately 51 percent. Among the lowest-income college entrants, an abysmal six percent gain a degree within five years.

Ours remains the best higher education system in the world, but one with important issues that must be addressed.

As the National Science Foundation has reported, few graduates understand math or science well enough to apply their knowledge to actual problems. The business community, in a series of reports over the last decade, has identified key skills that graduates lack. A report by the

Business-Higher Education Forum, “Spanning the Chasm,” called for “cross functional skills” such as leadership, teamwork, problem solving, time management, self-management, adaptability, analytical thinking and global consciousness.

The political community (particularly state governors and legislators) has seconded those key skills and has added two issues: the need for assessing student learning, and the urgency of addressing the cost and efficiency of the education process. In other words, ours remains the best higher education system in the world, but one with important issues that must be addressed.

Is it realistic to expect improvement across the face of the system? I believe the answer is yes, absolutely. For one thing, the last several decades have seen a significant gain in the research on pedagogy, about how students learn. We now know how to structure the

teaching and learning that goes on so as to greatly increase the quality, and the enjoyment, of the learning experience.

The steady advance of information and communication technology is also of great benefit. New software is demonstrating a growing capacity to improve the effectiveness, the excitement and the efficiency of learning. While, for many reasons, the application of technology to the process of learning has moved ahead at a rate that seems slow to many, American universities and colleges are still well ahead of the rest of the world.

While the low rates of attainment and graduation are widespread across the system, there are also a number of programs that have successfully addressed the problems—enough to make plain that these are not simply one-shot solutions, but approaches that can be applied broadly. Institutions such as the University of Texas at El Paso, the Community College of Denver and LaGuardia Community College in New York City have demonstrated that, with the proper programs in place, low-income students can graduate at the same rate as the national average.

Here are some of the approaches that have been proven to work for such students: early outreach programs, carefully structured retention programs, academic support programs, effective remedial programs, early warning systems that identify students in trouble, learning communities that promote active learning, and replacing loans with grants. All of these programs have been shown to increase graduation rates for first-generation students, low-income students, and students of color.

Colleges and universities need to create and foster a campus culture that is welcoming and supportive of all students, a culture of attainment. It helps a great deal if faculty and staff reflect the color and diversity of the student body. All students need role models with whom they can identify.

Most important, however, is that institutions must move beyond creating an isolated program serving a limited number of students to an institutional commitment to this concept: All students can and should learn.

With regard to the measurement of learning, it is interesting to note that all universities do regularly assess the depth of learning, intellectual skills and the ability to apply those intellectual skills to real problems of those students that they care about most—their Ph.D. candidates—through oral exams, dissertations and defenses of dissertations. This is, of course, a complicated, labor-intensive and expensive process hardly appropriate for bachelor’s candidates. But it does make plain that it can be done, and that within the academic community we, deep down, believe it should be done.

At the undergraduate level, more institutions are beginning to assess learning. The techniques used, pioneered by such institutions as Alverno College, the University of Tennessee and Truman State University, focus on critical areas of intellectual skill.

Two further examples of this are the British Open University (non-profit, public) and University of Phoenix (for-profit). Each of these large and complex institutions assesses the learning of every student, for every course. They also use these assessments to evaluate each instructor in terms of how well students are learning—not based on the instructor’s grading but on the independent assessment.

Although higher education is far more complex to assess than elementary and secondary education, it is clearly possible to do so. Learning can be assessed in a meaningful and economical way, and as the use of technology advances, our ability to improve the quality and sophistication of assessment, while keeping the costs down, will grow.

Why, then, aren’t these practices widespread? The Futures Project recently ran a series of focus groups with state legislators, with other political leaders, and with university and college presidents. While the political leaders were quite clear that these problems are important, in fact critical, the presidents saw them as minor, small in comparison to the more urgent problems of inadequate funding and over-regulation.

While funding is important, it is necessary to put the problem in perspective. This year, and surely next, there is indeed a difficult and painful funding issue facing the public colleges and universities. The cuts in state appropriations are likely to do real harm to higher education. However, this has not been the case over the longer haul. State appropriations to higher education actually increased over the last two decades, even on an after-inflation and a per-student basis. In the past decade alone (1993 to 2003), the amount spent on higher education by state governments increased by an average of 60.2 percent. Clearly, even as state funding was expanding, colleges and universities were aggressively tapping other sources of revenue (such as tuition, sponsored research, corporate contracting and fundraising).

Tuition grew rapidly during that same period. In the first half of the 20th century, college costs rose more slowly than family income. As a consequence tuition remained affordable through the 1950s. Public college tuitions began to increase in the 1960s and 1970s, and then took off in the early 1980s. Since 1980, the average cost of four years of college has increased at a rate more than 115 percent over inflation. Between 2000-01 and 2001-02, tuition rose 5.5 percent at private colleges and 7.7 percent at the public colleges.

It is not the case, therefore, that starvation budgets from the states have driven the institutions to constant tuition increases in excess of inflation. Rather, the subject of effi-

The low rate at which students complete their degrees is alarming. Among the lowest-income college entrants, an abysmal six percent gain a degree within five years.

continued next page

from preceding page

ciency simply hasn't been addressed. Academics often argue that to even think in terms of efficiency is to fundamentally misunderstand the nature of the collegiate experience. In terms of cost, however, there is some new and encouraging information. In several settings, universities have found innovative ways to reduce the costs of teaching while improving student learning.

Perhaps the most useful experiments were conducted by the Pew Grant Program in Course Redesign, funded by the Pew Charitable Trusts and run by Carol Twigg. The emphasis was placed on large, introductory courses, and on reducing cost, improving learning, and increasing student satisfaction. In the first round involving ten universities, every project reaped cost savings ranging from 16 percent to 77 percent, with an average of 33 percent. Half of the institutions also reported improvements in learner outcomes (no institutions reported reductions in learner outcomes), and all of the participants remained committed to maintaining their redesigned courses.

Two powerful traditions within the academy make the spread of these commonsense, workable and needed changes difficult. The first is the rhetoric/reality gap. Over the years, we have become expert at fending off criticism by a now well-polished argument about the importance of higher education, the danger to the process (and to academic freedom) of external meddling, and the mystic and immeasurable basis of a liberal education. We need to move out from behind these defenses and openly acknowledge and work at correcting our problems. In an encouraging step, the National Association of Independent Colleges and Universities has begun surveying its members to determine what they are doing to begin to address these issues of accountability.

The second tradition is the faculty reward structure, which remains focused on scholarship and publication, not on teaching, even at many institutions that are not truly research universities (though not at community colleges). While we often criticize faculty for their lack of attention to the opportunities to improve teaching, they are simply acting logically in light of the current structure. Real change will require revising the rewards for faculty.

There is a further force for change that must gain our attention. Higher education is moving rapidly from a regulated public sector toward a market. This change is going on right across the globe. States—and governments elsewhere—are giving universities and colleges more autonomy but, at the same time, are insisting on more clearly defined accountability. How will institutions measure and improve learning; how will they increase retention and graduation; how will they report their performance? Here, and abroad, governments are authorizing private, for-profit institutions to give degrees up to and including law degrees and Ph.D.s. The goal is to use the force of the market to bring a new sense of responsiveness and accountability.

Markets, however are not easily tamed. The gains can be great, but the risks can be great as well. There is, therefore, an urgency to understanding how the market is emerging and how government policy can structure it to serve the public purposes and restore

the great compact between higher education and the public. Every market needs to be structured by government policy to function effectively.

Federal efforts should be focused on helping the states (who are the owners and operators of the public institutions that enroll three quarter of the students) to create an effective market. The history of both federal and state efforts demonstrates that using regulations to achieve accountability rarely works except in extraordinary cases where government is prepared to use its full power and authority—as in the desegregation of higher education or the

Title IX programs aimed at ending gender discrimination.

Markets need information in order to work. The federal government has a long history of collecting, analyzing and disseminating available information. Today, carefully gathered and analyzed information on the key issues is more needed than ever—particularly information on learner outcomes and retention.

Two new voluntary efforts, the National Survey of Student Engagement and the Community College Survey of Student Engagement have been measuring activities that have been shown to relate to student learning, such as the amount of student engagement with faculty, both in class and outside of class. Federal policy can help ensure institutional willingness to participate in these surveys and to make the resulting information public.

Perhaps nothing the federal government can do would be as useful as focusing on ensuring that the information necessary to allow the higher education market to serve the public is available. Recent studies of the role of information as states move toward performance-based budgeting and performance-based funding have shown that there is a correlation between open information and institutional performance.

The federal government can also build on its greatest policy success—the development of the peer reviewed, competitive grant program for university research. Until this program was introduced in 1945, the United States was an also-ran in research. Since the system's introduction and growth, American university research has become the leader in essentially every field, to the huge benefit not only of this country but the entire world. It is time to think about how this approach can be applied to higher education's two other great tasks—teaching and learning, and service to the community.

The advantage of the grant system is that the institutions respond, quality and efficiency are rewarded, and innovation is encouraged—without the federal government med-

dling in the institution's internal affairs. The federal government, incidentally, is better at this than the states, as it is better able to resist institutional pressures that undercut the competitive grant system.

Another opportunity also lies in a traditional area of federal involvement—helping the least-advantaged students gain a college education. There are two particular areas where the federal capacity can help overcome the crises of low retention and attainment noted above. Better information, in the form these students can use and in the settings where it will reach them, is essential. This includes key information they need as early as middle school. Affluent students already have access to the key information they need, which gives them a great advantage.

The other key federal role is financial aid. The federal forms of aid are the last remaining bulwark of need-based assistance, and expanding this is urgent.

What could be better, in a world in which a college education matters so much, than for a growing competition to break out over how much students are learning, rather than the current competition over prestige? ♦

Frank Newman is Director of the Futures Project, a higher education research organization based at Brown University. This article was adapted from his recent testimony before the Committee on Education and Workforce of the United States Congress.



Unintended Consequences

In practice, tuition discounting programs are diminishing access for the students who are least able to afford college

By Jerry S. Davis

TUITION DISCOUNTING—using institutionally funded grant aid to help defray students' college expenses, and to influence their enrollment decisions—is standard practice at the nation's four-year colleges. Since coming into vogue in the late 1970s, tuition discounting has become an integral part of enrollment-management strategies that colleges use to try to build enrollments, increase net revenue and shape incoming classes to fit institutional missions and preferences.

Tuition discounting works for many colleges, helping them improve their enrollment and financial situations. At other colleges, however, discounting is having the exact opposite effect, increasing their financial instability and making it harder for lower-income students to afford the costs of attendance.

A recent Lumina Foundation for Education report, "Unintended Consequences of Tuition Discounting," describes how tuition discounting frequently fails to increase net revenue for colleges. In fact, during the past decade, colleges that have offered the deepest discounts generally have lost the most tuition revenue. Moreover, tuition discounting does not always result in increasing student quality. Colleges with the greatest increases in tuition discount rates in the 1990s did *not* see an increase in the median SAT scores of their incoming students.

Clearly, any college using large shares of its tuition revenue for financial aid has less net tuition revenue for other purposes, such as instruction, academic support, student services and faculty development. Diverting tuition revenue to institutional aid, if it cuts institutional quality, can eventually lead to enrollment losses, and those losses can lead to institutional closures.

Because the college-age population is growing rapidly, and the demand for college training for adult learners is soaring, the nation cannot afford to lose colleges. Nor can it afford to have financially strapped colleges reducing the quality of education and service they provide to their students and their communities.

An even more worrisome outcome of tuition discounting exists for public policymak-

Institutions have demonstrated that, with the proper programs in place, low-income students can graduate at the same rate as the national average.

Since coming into vogue in the late 1970s, tuition discounting has become an integral part of enrollment-management strategies.

ers at the state and national levels: Tuition discounting and other accompanying institutional aid practices, *when combined across all institutions*, are diminishing financial access to four-year colleges for the students who are least able to afford college.

Consider these patterns revealed by the National Postsecondary Student Aid Survey results for 1995 and 1999. Between those years, average annual tuition and fees at private four-year colleges and universities rose by \$2,345. During the same period, average institutional grant aid to undergraduates with family incomes below \$40,000 rose by \$658—only 28 percent of the increase in charges. However, average institutional grant aid for students with incomes above \$40,000 rose by \$1,992—85 percent of the tuition increase.

A similar pattern—with more affluent students getting larger increases in aid—occurred among public four-year institutions. At those institutions, where average annual tuition and fees rose by \$501, undergraduates with incomes below \$40,000 got \$86 increases in institutional grant aid; for students with family incomes above \$40,000, the average increase was \$224.

The fact that colleges are giving smaller shares of their grant aid to their lower-income students (who represent one third of full-time undergraduates) might not be so troublesome if grant aid from federal, state and private programs were growing fast enough to compensate for the losses in institutional grant aid. However, between 1995 and 1999, grant aid from these non-institutional sources also grew at slower rates for lower-income undergraduates than for other students.

Students with family incomes below \$40,000 got a 32 percent increase in non-institutional grant aid at the private colleges, and a 55 percent increase at the public colleges. Those with family incomes above \$40,000 got a 109 percent increase at private colleges, 122 percent at public colleges.

The inequity in the growth rates in combined institutional and non-institutional grant aid is especially problematic for private college students with family incomes below \$40,000. Their average increase in total grant aid from all sources covered only two thirds of their average tuition and fee increase. For their more affluent student peers, increases in grant aid covered 110 percent of the tuition hikes. According to the Advisory Committee on Student Financial Assistance, the shortfall in grant assistance creates hardships for lower-income students. Many such students have to borrow more, work longer hours (possibly detracting from their academic performance) and make other sacrifices to meet the increased net charges.

At public institutions, the average increase in tuition and fees was only \$501, small enough to be offset entirely by increases in total grant aid. However, the lowest-income students' \$322 *net* growth in total grant aid after subtracting tuition and fee increases was hardly enough to cover costs of books and supplies for one semester. Sharp increases in public college tuitions since 1999 are certain to have outstripped that net growth, effectively cutting purchasing power for these students.

Another adverse effect of shifting grant aid from lower-income to more affluent students is that it has increased the gap between net tuitions at public and private colleges, thereby making it harder for the private colleges to compete for students.

Between 1995 and 1999, the average “net tuition gap” (net charges after tuition discounts and grant aid from all sources) for students from families with incomes above \$60,000 either remained constant or narrowed. Tuition discounting seems to be working for the more affluent private college students. But the same cannot be said for the less affluent students. The net tuition gap for students with family incomes between \$40,000 and \$60,000 increased by 3 percent between 1995 and 1999, while the gap for students with incomes below \$40,000 rose by 27 percent. Lower-income students' ability to afford to choose private institutions has diminished because both public and private colleges have shifted more of their institutional grant aid away from such students to their more affluent peers.

What do the unintended consequences of tuition discounting mean for policy and policymakers? Tuition discounting has produced two categories of adverse effects: reduced financial access for lower-income students at both public and private colleges, and current and threatened financial difficulties for many private colleges.

It is unlikely that tuition discounting has led (at least so far) to financial difficulty for many public colleges, because they do less of it, much smaller percentages of their tuition revenues are used for discounting, and they receive state appropriations. Tuition discounting by public colleges has, however, led to financial difficulties for many of their students.

Implications for access

Many thoughtful higher education administrators and policymakers have reviewed and discussed potential solutions to the problems generated by tuition discounting. To respond to the financial access problem for lower-income students, for example, knowledgeable researchers and observers have raised the following considerations. Given diminishing state appropriations for public colleges, and given the increasing competition among private colleges for students, it seems unlikely that public or private colleges

can, by themselves, afford to reverse the tuition-discounting trend and sharply increase institutional aid to lower-income students. Colleges are acting in their own self-interest to achieve important institutional goals through their tuition discounting practices. Consequently, many may be unwilling (or unable) to devote larger shares of their aid dollars to assisting lower-income students.

The federal government could help greatly by increasing Pell Grant and Federal Supplemental Education Opportunity Grant funding to keep pace with rising college costs.

During the past decade, colleges that have offered the deepest discounts generally have lost the most tuition revenue.

Increasing federal grant aid, however, may not alleviate financial difficulties for lower-income students if colleges continue to shift their institutional grant aid to students with higher incomes. Increased federal funds might just replace diverted institutional funds, leaving lower-income students no better off.

At least two strategies could help avoid this situation. The federal government could demand that colleges match new, larger federal grant awards to lower-income students with their own institutional aid dollars, thus creating an incentive to leverage federal aid (and a disincentive to

cut institutional aid). Or, the federal government could reintroduce a “maintenance of effort” provision that was featured in the early federal campus-based aid programs. Such a provision would require colleges to “maintain” the amounts of institutional aid they currently provide to lower-income students. The first solution would leverage more aid for lower-income students; the latter would at least maintain current levels of support.

State governments could also act to help lower-income students. In recent years researchers have documented significant increases in “merit-based” state grant programs at the cost of financial support for “need-based” state programs. Although there is overlap in recipients from both kinds of programs, the majority of “merit-based” grant recipients are from families with higher incomes. States would be wise to examine all of their grant programs to learn whether they are working as intended, and to determine to what extent the programs produce unintended financial barriers for students with the least ability to pay for college.

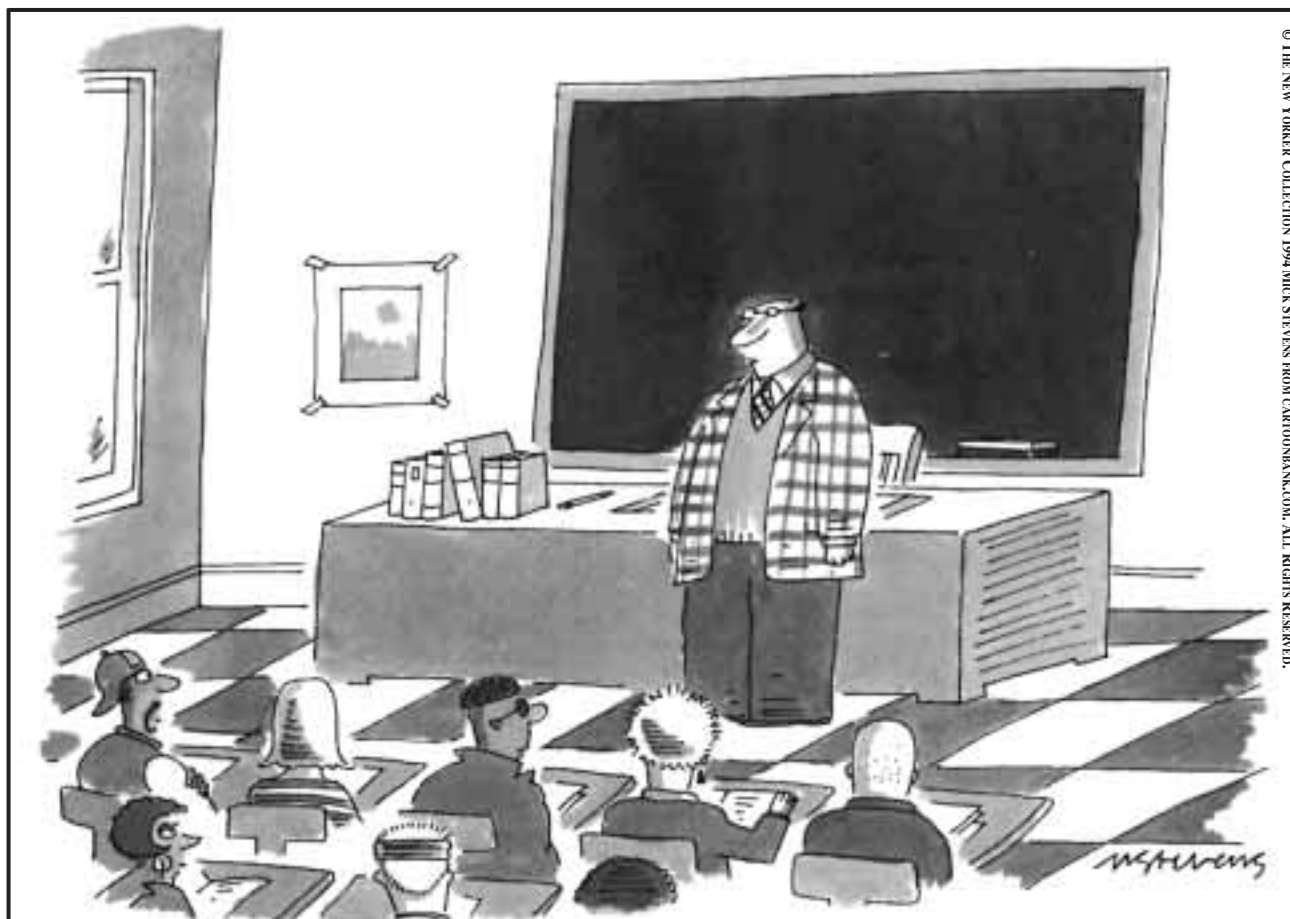
States should determine who is being served by all of their aid programs, what kinds of financial assistance their state grant recipients get from institutional and non-institutional programs, and whether this combined aid can meet the financial needs of lower-income students.

This knowledge could lead to the development of state grant program policies that supplement or complement aid from institutions, the federal government or private sources. Because funding for student aid from all sources is limited, it is imperative that state grant program policies be structured to maximize intended enrollment effects of dollars from every source.

Implications for institutional health

Higher education experts have also considered the second category of problems creat-

continued next page



© THE NEW YORKER COLLECTION 1994 MICK STEVENS FROM CARTOONBANK.COM. ALL RIGHTS RESERVED.

“My name is Mr. Collins. I’ll be teaching you English literature, and I’m armed.”

from preceding page

ed by tuition discounting; threats to the colleges' financial well-being. College administrators and policymakers have offered several means of addressing these matters. Even though discounting practices are producing unintended consequences for private colleges, it would be very difficult for the vast majority of them to stop or reduce discounting now. The practice is too widespread, and discounts are now expected by many students and their parents. Few colleges could decide independently to reduce tuition discounting without losing enrollment to competing institutions.

However, private colleges that compete for similar students in the same student marketplaces could collectively agree (if federal laws prohibiting such agreements were changed) (a) to focus their aid awards solely on meeting students' financial needs; (b) to equalize the estimates of students' out-of-pocket costs of attendance; and then (c) to compete with each other on factors other than net price.

Tuition discounting has reduced financial access for lower-income students at both public and private colleges, and has resulted in financial difficulties for many private colleges.

This could help to slow tuition increases, because less tuition revenue would be required to support discounting. The probability of such agreements working successfully would be enhanced if the systems used by colleges to calculate student and family ability to pay for college produced better assessments than the need-analysis systems used today. Improved need-analysis systems would produce better estimates of willingness to pay as well as ability to pay.

Even without a new agreement on competition, private colleges and their associations could implement more public relations efforts to better inform students and parents about the factors that influence tuition charges and increases. A well-conceived information campaign could help demonstrate how institutional quality, services and mission are related to net

tuition. These efforts could also help focus student and parent attention on factors other than price in their college choice decisions. Or, at the very least, these efforts could lower the influence of price. Either result could reduce tuition discounting.

Another idea sometimes discussed applies best to several states with larger numbers of private colleges. These states could establish and fund programs of increased direct financial assistance to private colleges that enroll and graduate lower-income students. The rationale for this subsidy is that it would be more economical and efficient to subsidize existing private colleges that meet public purposes than to build new public college campuses. Direct financial assistance would reduce private colleges' need to discount tuitions to raise revenue, just as appropriations to public colleges suppress the need to raise

© THE NEW YORKER COLLECTION 1987 GAHAN WILSON FROM CARTOONBANK.COM. ALL RIGHTS RESERVED.



"I just can't shake the alumni newsletter."

tuitions on those campuses. States could also decide to directly support private colleges when those colleges keep annual tuition increases from exceeding inflation.

It is clear that tuition discounting has produced unintended, frequently negative, consequences for students and colleges. It is equally clear that the problems do not have simple solutions. Solving them will require coordinated action and effort by institutions, governments, foundations, private scholarship organizations and others who are interested in assuring that a quality college education remains a part of the American landscape for all students. ♦

Jerry S. Davis is vice president for research for Lumina Foundation for Education.

LARRY HAMILL, BLACK STAR, FOR CROSSTALK



Tom Sanville, who has run OhioLINK since 1992, says "our goal is to leverage the purchasing power of the state's higher education libraries."

OHIOLINK

from page 7

publications.

At most schools, natural science students and faculty tend to be among the biggest EJC users. Bill Feld, a member of the chemistry department at Wright State since 1972, has done weekly journal

searches since his graduate school days at the University of Iowa. "We got a sheaf of articles to read every week," he remembered. "When I came here, I used to make photocopies and hand them out to my students. Now I just send around a list of URLs."

The new technology has also required students to acquire a new set of skills. "For

many students, success in research depends on skill in searching," said Feld who teaches polymer synthesis. "The ability to search becomes the ability to find a model for what they plan to do."

In humanities and the arts, OhioLINK has also helped students range further afield in search of projects. "We use it to find scripts," said Joey Adams, 21, an acting major at Wright State University. "Our library has the classics," she said, "but OhioLINK tends to have more new scripts—the ones whose rights just became available."

Other students working on musical or dance numbers use the system to find music. Although scores circulate, recordings often do not. Wright State and the University of Akron share CDs through OhioLINK. But many other programs with larger collections do not. Some even require their own students to listen on campus.

One of the fastest growing areas on OhioLINK is also one of the most accessible to the general public. Most of the wide variety of material on the Digital Media Center is not password protected. OhioLINK has effectively become a publisher for professors and institutions willing to digitize materials. The holdings include foreign language and physics videos, Ohio State's squeeze collection (molds of inscriptions found at a variety of archaeological sites), photos from the Wright Brothers

aviation archives at Wright State, even current satellite images of the earth. In the near future, Ohio State's bio-acoustics lab wants to mount its collection of animal calls.

As rich as it is, OhioLINK does not reach quite far enough to satisfy some users. For Kathryn Edwards, the Kenyon

OhioLINK's members include 15 universities, 42 liberal arts colleges, 23 community college libraries, two stand-alone medical school libraries and the state library.

College biology professor, research heaven is a summer collaboration with her colleague at Case Western Reserve University. "I download a lot of what I need at Case Western," she said. "I can get almost everything else I need through OhioLINK during our school year." Almost, but not quite everything: "I still go to Ohio State once in a while. Not often, but I still go." ♦

Freelance writer Ron Feemster lives in New York City.

ENGLAND

from page 1

strapped for cash, Barr urged that students themselves be compelled to fill the funding gap—a radical idea in a country that until only five years ago provided not only free university education, but also student living stipends. Barr recommended that this be accomplished through loans that would be repaid after graduation, based on income. Students would borrow the money to pay for their tuition; as soon as their post-graduate incomes reached \$24,975, they would begin to pay it back in increments depending on how much they made. Those who earned the most would have the largest

The proportion of university enrollment comprised of students from the lowest socioeconomic classes has not increased in 40 years.

monthly payments; those in lower-paying but “socially useful” work, the smallest.

“Those who can afford to pay more, do so, and only based on their income as a graduate, not their family circumstances as a student,” Barr said. After all, he added, “students receive a significant private benefit from their degrees. Thus it is efficient and equitable that they should bear some of the costs.”

Universities, in the meantime, would be free to increase their fees from the current \$1,830 a year to a maximum of just under \$5,000, depending on the quality of the school. Today, the costs are the same at every university. According to the plan, universities that want to charge the most will have to work harder to attract and maintain students, who will act more like consumers, demanding better teaching, and deciding for themselves whether a particular school is worth the money.

“Once the changes are in place, students should enormously prefer the new system, which transforms their power,” Barr said. Their preferences “will have more weight than under (the current sys-

tem of) central planning. Universities will face strong incentives to give them such things as accelerated courses, part-time courses and evening teaching.”

The so-called top-up student fees are expected to raise \$1.5 billion a year after being introduced in 2005-06. To sweeten the pot, the government has promised to bring back grants, which were abandoned in 1998, of about \$1,600 per year per student for living expenses, for students from families with annual income less than \$16,650. It will also increase its contribution to higher education by six percent a year over the next three years, to a total of nearly \$17 billion by 2006. “Nobody is talking about making students pay the entire cost of their degree,” Barr said.

Still, not even the government seemed to expect much public support when it finally presented its long-awaited proposal, or white paper, on higher education in January—two years after Prime Minister Tony Blair had promised to fix the system. “The government believes that there is no painless way to put university and student finance on a sustainable basis,” the report said.

The immediate pain was the Labour government’s. It had managed to alienate virtually everyone, including its own back-bench ministers in parliament. One hundred seventy MPs—about 130 of them from Blair’s own Labour party—signed on to a motion against top-up fees; by comparison, 102 opposed the controversial British involvement in the Iraq war.

“Do we want an American system? The answer is no,” said Paul Farrelly, the Labour MP who led the revolt.

Farrelly and other critics complain that the plan condemns students to debts of up to \$34,965 in an already heavily indebted society (the government says the maximum student debt for higher education will be under \$25,000, with an average of about \$22,000). According to the opposition Liberal Democrat party, the average female graduate will never repay her debt, because the average woman’s earnings are insufficient to keep pace with the interest on her loans; it will take 23 years, the party says, for the average man to repay his. This, the critics say, will discourage poorer students from going on to universities even as the government claims it is trying to attract them.

Only 15 percent of students from blue-collar families go on to universities in England (just ten percent at Oxford and nine percent at Cambridge, among the lowest proportions in the U.K.), compared to 81 percent of students whose parents are professionals.

“If we want more people to go to university, there needs to be an equivalent amount of funding,” said Charlotte Dawkins, president of the University of London student union, in her office upstairs from the noisy televised cricket match. “Access by brains or bank account?” reads a bumper sticker on the door.

“You can’t want to widen par-

ticipation and in the same breath triple the burden of debt on the student,” said Dawkins, who has been a leader in the movement against the government’s plan. “The same families who have never sent children to university also have a debt aversion. And it doesn’t even take into consideration that some cultures and faiths don’t allow people to go into debt.”

Basing repayments on income, she said, will discourage people from taking higher-paying jobs out of fear that their monthly installments will become too high (the government says the typical tab will be about \$100 a month for people with moderate incomes in public-service jobs), returning England to a time when the private sector was made up entirely of the elite.

Dawkins thinks the higher education shortfall should be made up from taxation, not on the backs of students. “You’re talking about a country that can find billions of dollars to go to war but can’t afford to educate people,” she said. “It’s about priorities. Education is fundamental to the future of this country in lots of forms. That doesn’t come cheaply.”

The government has responded to complaints about access with the promise of an “access regulator,” since formally renamed the Office for Fair Access, or OFFA, the first national regulatory agency to oversee any part of the British higher education system. Its job, the government says, will be to drive up applications to universities from disadvantaged people. The universities will have to commit to enrolling students from low-income families before they are allowed to raise their fees.

Earlier plans to more aggressively require that the universities be held account-

The so-called top-up student fees are expected to raise \$1.5 billion a year after being introduced in 2005-06.

able for enrolling students from underrepresented groups were dropped in the face of protests similar to the American backlash against affirmative action; along with concerns that students from the lower classes would be discouraged from going to a university by the prospect of debt, the fear suddenly arose among the middle class (fueled largely by the *Daily Mail* newspaper) that it would be harder for their children to get in.

When Labour higher education minister Margaret Hodge proposed a quota for low-income students, the resulting outcry forced her to reverse herself, and even Blair has said publicly that universities will be expected to choose their students based on merit.



Labour Party MP Paul Farrelly opposes the government’s proposals because they will force many students to borrow heavily to pay for college.

That’s all well and good, Farrelly said over tea in the House of Commons dining room. But higher fees, even in the form of loans, “are going to deter qualified students from going to university. If you look at the (United) States, if you look at Canada, if you look at Australia, statistics going back to the 1970s show that all those fears that we have in terms of access have been realized. So if [the government] wants to improve access, why is it going down that road?”

The controversy also raised questions about how effective OFFA could possibly be. These have since been answered by vague promises that universities that recruit too many wealthy students might be fined or stripped of their right to impose the higher fees, something that would cost Cambridge, for example, \$30 million a year. Already, government funding for next year has been quietly shifted away from institutions with too many privileged students (including Oxford and Cambridge) to those that enroll larger numbers of non-traditional students.

This, in turn, has drawn loud objections from the Conservative party and the universities themselves, which call the process social engineering. “We say, scrap the access regulator,” said Tim Boswell, an MP, former education minister, and Conservative party spokesman on higher education. “The trouble with affirmative action is it is kind of a patch that stands in for something that should come up naturally.” He says the Tories prefer objective tests to determine who is admitted to a university, and better preparation at the primary levels. “We are not against admitting based on potential,” he said. “We are more inclined to leave this up to a decentralized measure at the individual university level. There’s a difference between access and fairness.”

continued next page



Charlotte Dawkins, president of the University of London student union, thinks the government should use tax revenues, not higher tuitions, to expand higher education opportunity.

from preceding page

That's what students at the nation's best universities think, too. In London, where the higher cost of living is already blamed for a dropoff of 14 percent in applications to the city's universities, the mayor held a forum entitled "London Falling" to protest the higher education reorganization. Angry that successive classes there would inevitably have to pay the maximum tuition, students at Cambridge heckled Hodge when she arrived to discuss the white paper; one stepped forward to hand her his Labour party card. "You haven't got a level playing field at present. Don't let's pretend we are creating a two-tier system if there is inequality at present," Hodge responded angrily. "People have pretended that every institution is the same, and they are not."

Boswell also objects to the government's plans to increase participation in higher education to 50 percent of people between 18 and 30, rather than the current 40 percent. Not everyone needs a university degree, he said, pointing out how hard it is to find a plumber in London; some people should be steered into vocational education. ("It's not brain drain," Boswell said in an interview in his office in Westminster. "It's drain brain.") He said the government's education plan originates from the "Islington mindset, the belief of educated people who think they know what's good for everybody else."

The Conservatives want to make higher education in England free again by endowing universities with about \$1.6 billion each, paid for by the sale of state-owned communications frequencies. They would also reduce costs by abandoning the government's 50 percent participation target,



Professor Roderick Floud, vice chancellor of London Metropolitan University, looks forward to implementing the new plan.

and by slimming down the university sector. And they would scrap the access regulator. (The Liberal Democrats also want to abolish tuition; they would raise more money for higher education by raising the tax rate on the wealthiest Britons to 50 percent.)

It is a considerably less hostile crowd that gathers across town at the wood-paneled British Overseas League, where there

is a fire in the fireplace below a portrait of the queen. Here, after coffee overlooking Green Park, and before lunch in the Hall of India and Pakistan, the higher education establishment has gathered to consider how it will carry out the government's plan. "We've become rather bored with describing what's in the white paper," Professor Roderick Floud, chair of Universities UK and vice chancellor of London Metropolitan University, tells the friendly audience. "We're rather pleased to move on from that and consider how it is to be implemented."

The reorganization goes well beyond the question of who will pay. It ultimately envisions dividing higher education in England into a handful of elite research institutions, a group of leading research universities, a group of leading regional universities doing research and teaching, and a number of schools concentrating only on teaching—whose faculty would no longer do research.

Science funding is being increased by an impressive 30 percent over three years, to nearly \$5 billion a year by 2006, but will be diverted only to those schools with the strongest research programs. This shift is already under way; even as they were stripped of some funding for teaching because of their poor records of enrolling disadvantaged students, Oxford and Cambridge this year got higher levels of research funding, while 50 other institutions saw their research grants decline, when adjusted for inflation.

The government also plans to spend \$165 million a year to recruit and maintain top researchers, and to increase the minimum annual Ph.D. stipend to an average of about \$50,000. That is intended to stop other countries from raiding British faculties, Lord Sainsbury, minister for science and innovation, told the Overseas League crowd.

"It's not expected that each institution will focus on all of the major policy goals, but on their strengths," said Sir Howard Newby, chief executive of the Higher Education Funding Council for England. "No institution is resourced sufficiently to do all of these things. That really is the structural problem we're faced with"—and have been since 1992, when all English universities were designated research universities.

This, too, has raised protests. Opponents complain that lopsided science funding will make a small number of universities as elitist as the higher fees will make their student bodies bastions of the upper classes. On this, even political rivals Boswell and Farrelly (who both attended Oxford) agree. "They've obviously been reading those academic papers that say there is a high correlation between world-class research and economic growth," Boswell said disapprovingly. He said Blair is obsessed with a competitiveness agenda. "It's an obsession with international comparisons and with Harvard," Farrelly echoed, "an obsession with the U.K. having universities compete with the likes of Harvard and Princeton. That's the wrong way of looking at your university system. If we have a fantastic university system, and as a byproduct of that some people win

Nobel prizes, that's all well and good." Farrelly also derides the idea of divorcing teaching and research. "Good researchers make good teachers," he said.

A poll by the Association of University Teachers (AUT) found, not surprisingly, that 86 percent of faculty agree. They believe a link between teaching and research should be retained. In fact, unions representing more than 110,000 academics and five million students have now pronounced themselves "utterly opposed" to the reorganization plan. The AUT says the plan will offer "differential access for students and an impoverished professional life for staff." Professors and university staff in London held a series of one-day strikes

over pay, donning academic robes and handing out peanuts.

Rubbish, says the government. It says students should be able to evaluate teacher quality, and that teachers should be paid based on performance. To help make sure this happens, it promises additional funding for a teaching quality academy and professional development fellowships. "I was told by a senior official of the Association of University Teachers that lecturers at Luton and Oxford do the same job and hence should broadly be paid the same," said Nicholas Barr. "This is like saying that David Beckham and the right-side midfield player at Torquay United should be paid broadly the same since both train four times a week and both play games that last for 90 minutes."

The government also wants universities to solicit individual and corporate contributions toward endowments, which are comparatively tiny in the U.K. A study in

While some critics complain that the plan condemns students to debts of up to \$34,965, the government says the average will be about \$22,000.

March found that the value of all U.K. endowments collectively is less than what the top 500 U.S. institutions lost in the stock market last year. Even the two best-endowed British universities, Cambridge and Oxford, would come in 15th if ranked with universities in the United States. Oxford and Cambridge have endowments per student less than one fourth that of Harvard, and the U.K. university with the third-highest endowment, the University of Edinburgh, one-sixty-first as much.

Here, too, there is dissent, however. Cambridge, which has an endowment of about \$3 billion, says it fears the Labour party thinks endowments can excuse the government from paying for higher education. "Building significant endowments is important, but it cannot relieve the government of making sensible and effective



MP Tim Boswell, education spokesman for the Conservative party, thinks the Labour government's proposals smack of "affirmative action," which he opposes.

arrangements for investment in higher education by taxpayers in general and students and their parents in particular," the university said. Meanwhile, business officials say substantial tax changes, which the government has not proposed, are needed to encourage private giving.

The debate is now heading in many directions at once. Education secretary Charles Clarke has stoked another firestorm by suggesting that the public should not fund what he calls "ornamental" subjects such as medieval history. "I don't mind there being some medievalists around for ornamental purposes, but there is no reason for the state to pay for them," he told a university assembly. He also said that studying the classics is a waste of time. A Cambridge medievalist shot back that Clarke was a "philistine thug."

Universities say the reorganization will not provide them with enough money. Employers say widening participation will water down the value of a university degree. An American academic at Oxford has urged that the university go private. Other opponents say it is morally wrong to charge for higher education, and warn that the national health service will be next. And there are new fears that all universities will charge the maximum \$5,000-a-year fee, wrecking plans to establish a differentiated system based on quality and future earnings potential. At least three out of four universities already say they want to charge the full amount. "They have to, because it's a statement," said Charlotte Dawkins. "If you don't do it, you're saying you're not worth it."

A politics graduate, Dawkins is done with her university education. The increased costs will not apply to her or her older sister, who is now a dentist, though they will affect a younger brother. If the higher tuition were in place when she was deciding on a university, she said, "I don't think the choices would have been as easy as they were. I guess I still would have been able to go, but my parents would have had to make lifestyle choices that I don't think this government has the right to require us to make." ♦

Jon Marcus, editor of Boston Magazine, also covers U.S. higher education for The Times of London.