

Virginia Tries Restructuring

Financial stress leads to new arrangements between state and campuses

By Robert A. Jones

RICHMOND, VIRGINIA

THROUGH MUCH of the last decade, Virginia's public universities have served as a kind of canary-in-the-coal-mine for higher education systems undergoing financial stress. Few have suffered as much as Virginia's, and many watched to see if the canary would wither under the strain.

Beginning in the '90s, the state legislature repeatedly cut financial support to the campuses, once whacking 22 percent from the higher education budget in a two-year period. Governors alternately froze and then rolled back tuition, occasionally using the universities as a political whipping boy. Virginia's reputation as a nurturer of excellence in higher education teetered on collapse.

The despair expressed by education officials was notable. One college presi-

dent described the state as delivering "grievous wounds" to the campuses. The director of the state's Council on Higher

Virginia Governor Mark Warner recently signed legislation reconfiguring the entire relationship between Virginia's public universities and the state.

Education departed his post, saying any more time on the job would amount to "cruel and unusual punishment." A dean at the University of Virginia said the starving of public institutions represented "in-



DENNIS BRACK, BLACK STAR, FOR CROSSTALK

State Senator John H. Chichester, a Republican, worked with Democratic Governor Mark Warner to restructure Virginia higher education.

sane, ideological, odd thinking" in Richmond.

Now, however, there are signs that the poisoned atmosphere of the last decade may be lifting. This spring Governor Mark Warner, a Democrat, signed legislation re-

configuring the entire relationship between the campuses and the state, offering new financial formulas and giving unprecedented autonomy to some institutions. It has been heralded by some as a potential model for other states facing similar dilemmas and has inspired the first

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Georgia's Odd Couple

Can two foundations share a university without driving each other crazy?

By Don Campbell

ATHENS, GEORGIA

HIGHER EDUCATION'S version of the Hatfields and McCoys might be over. After two years of relentless warfare, the University of Georgia and the UGA Foundation that had served it for 68 years have divorced—this time for good. The university has taken a new partner, called the Arch Foundation, to raise money for the university's acade-

Although squabbles between universities and foundations are not unusual, the outright firing of a foundation is unprecedented.

Foundation, appears to be more firmly ensconced than ever. He has taken a direct hand in choosing trustees for the new 30-member Arch Foundation, even as trustees of the old foundation debate their future.

A university with two major foundations is an unusual arrangement, and the way it came about is a case study in how communications and cooperation can get trampled in a power play. A university governing board smacked down a foundation that was attempting to exercise authority it didn't have, and the best efforts by outside parties to mediate were largely ignored.

Although squabbles between universities and foundations are not unusual, the outright firing of a foundation apparently is unprecedented, prompting Tom Ingram, the president of the Association of Governing Boards of Universities and Colleges (AGB), to call the Georgia situation "an aberration—thank goodness."

The players in this long-running saga tend toward two extreme views: 1) It was a case of a small group of foundation trustees with money or connections and a penchant for secrecy trying to topple a university president; or 2) It was a case of a profligate and manipulative university president obsessed with salary, perks and pow-



ROBIN NELSON, BLACK STAR, FOR CROSSTALK

University of Georgia President Michael Adams survived an ouster attempt by the university's foundation.

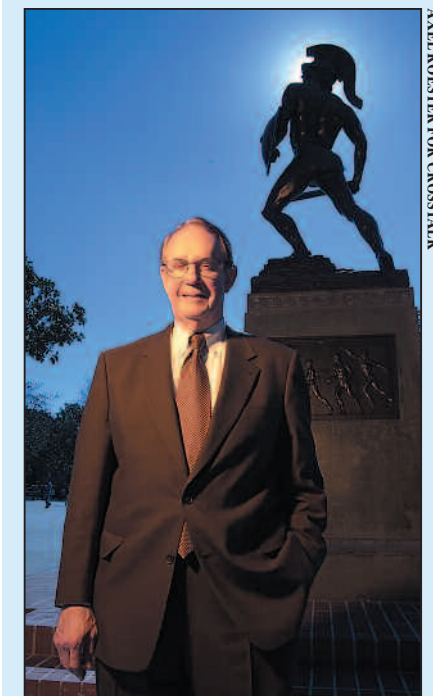
er persuading his boss, the board of regents, to do his bidding.

The truth is probably somewhere in between, but it is hard to find anyone in Georgia who is both informed and objective. The mood of those who will talk about it runs to anger, disappointment, frustration and weariness.

While Adams and the regents may have come out winners, the full cost of the controversy may not be known for years. The fight has already cost the UGA Found-

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In This Issue



ANSEL KOESTER FOR CROSSTALK

THE SUCCESSFUL fundraising efforts of Steve Sample, USC president since 1991, have enabled the Los Angeles institution to move into the front rank among American research universities. Sample also has stressed improvements in USC's undergraduate program. (See page 3.)

mic programs. Meanwhile, the old foundation will continue to manage the university's \$475 million endowment and share a staff with the new foundation.

UGA President Michael Adams, the target of several trustees on the UGA



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NEWS FROM THE CENTER

New Board Member

Joanne Corday Kozberg, a member of the University of California Board of Regents, has joined the board of directors of the National Center for Public Policy and Higher Education.

Ms. Kozberg is a partner in California Strategies, a public affairs consulting firm. From 1999 through 2002 she was president and chief operating officer of the Music Center of Los Angeles County. From 1993 to 1998 she was California's secretary of state and consumer services. She has been a UC regent since 1998.

Ms. Kozberg received her bachelor's degree in history from UC Berkeley and earned a master's degree in public policy from Occidental College. ♦



ANSEL KOESTER FOR CROSSTALK

SPECIAL INSERT

"State Capacity for Higher Education Policy"

—the insert enclosed in this issue of *National CrossTalk*— was approved by the Board of Directors of the National Center for Public Policy and Higher Education in June 2005.



THE NATIONAL CENTER FOR
PUBLIC POLICY AND
HIGHER EDUCATION

LETTERS TO THE EDITOR

Privileged lords of the universe?

Editor—Your article in the Spring 2005 issue of *National CrossTalk*—"Where the Boys Aren't"—was an eye-opener. I suggest one reason why Tom Mortenson's campaign to draw public attention to this issue has had so little response.

Mortenson's data on the declining representation of young males in higher education are of the kind that often inspires loud allegations of discrimination and oppression. The identity of the alleged oppressors depends on the nature of the victimized group, but at the intersection of most sets of oppressors lies the set of straight, white (and, for the French, Anglo-Saxon) males who are commonly thought of as the privileged lords of the universe. It is thus awkward, to say the least, to find that set comprising a major segment of a group that clearly needs public attention and help. Perhaps that is why this is "the issue that dare not speak its name."

Donald N. Langenberg,
Chancellor Emeritus,
University of Maryland

Medgar Evers College's unique mission

Editor—The recently published article, "CUNY Sheds Reputation as 'Tutor U,'" while generally correct in its description of the renewal of The City University of New York, presents a misleading picture of Medgar Evers College, the youngest of the colleges within the City University structure. The article stated that "all but about 20

students at Medgar Evers are enrolled in associate's degree, not bachelor's degree, programs." In fact, student enrollment for the Spring 2005 semester totaled 5,321 students, with 1,521 students—approximately 28 percent—enrolled in four-year programs. This error of fact misrepresents the deep commitment of the faculty, administration and staff of within CUNY, without regard to the challenges it may face as an institution serving a historically underserved population.

The creation of Medgar Evers College is unlike that of any other college within the City University system. Established in response to a unique coalition of community leaders, educators and local politicians, the College has continued its mission of meeting the educational and social needs of central Brooklyn, characterized as a low-income, minority area, with low educational attainment rates and high unemployment. The college has a proud history of successfully addressing the educational challenges associated with economically depressed inner-city areas.

Named in memory of the courageous African American civil rights martyr, Medgar Evers College opened its doors in 1971. At its first commencement in 1972, the College awarded 20 baccalaureate and eight associate degrees. At our May 2005 Commencement, just under 1,000 students graduated, of which approximately 600 were baccalaureate degree recipients. To date, the college has graduated approximately 10,000 students.

The article correctly states that although remediation was phased out at the baccalaureate level within the City University system, the need for remediation

has not been eliminated. Of the many studies on achievement gaps, one research finding remains constant: Minority students bear an inordinate share of the burden of inadequate schooling. As a minority-serving college, we support our "highly nontraditional" minority student population by designing and implementing multiple programs that promote student success. Our College of Freshman Studies is one such example. Its success has been acknowledged by our selection as one of twelve "Founding Institutions" participating in the national "Foundations of Excellence in the First College Year" project. Sponsored by the Policy Center on the First Year of College and AASCU, the project will develop a national model of excellence for the first college year.

Emphasizing "traditional" indicators of success without understanding the complex relationships between income, race, first-generation students, and other factors that place nontraditional students at high risk may ultimately increase the already wide divisions experienced by minority populations.

To continue to build a society that embraces equality for current and future generations, we must address the educational needs of our nontraditional and minority student populations. At Medgar Evers College, "Creating Success, One Student at a Time" is not simply a motto; it is a covenant that expresses our belief in our community's future.

Edison O. Jackson
President
Medgar Evers College
The City University of New York

New Life for USC

Prolific fundraising keys big changes in recent years

By Kay Mills

LOS ANGELES

THE UNIVERSITY of Southern California is on a roll. It concluded a nine-year, \$2.85 billion fundraising campaign—the most successful ever in higher education—in 2003. The average SAT score for its entering freshman class is now higher than it is at public cross-town rival UCLA or at the University of California flagship in Berkeley. And its football team has won or shared the national championship two years in a row.

“There’s a certain level of energy,” said Ann Crigler, director of the Jesse M. Unruh Institute of Politics. “It’s great to be

USC doubtless has been helped in its efforts because it is not a public institution, hit by the budget cuts that have affected public higher education in many states.

here.” Or as Andy Pitts, a sophomore from Xenia, Ohio, who transferred from the University of Pittsburgh last fall, put it: “You’re part of something bigger than yourself when you’re here. Everyone’s excited to be here, and that’s a completely different attitude.”

USC? The butt of jokes two decades ago as the University of Second Choice or the University of Spoiled Children, everybody’s “safety school” in case they failed to win admission elsewhere? Why the buzz?

For answers, many point to USC President Steve Sample, who arrived on campus from the presidency at SUNY

Buffalo in 1991, and Lloyd Armstrong, the provost he hired from Johns Hopkins University in 1993. “Steve Sample has an amazing capacity to get people to write checks. He’s a brilliant fundraiser,” said history professor Philippa Levine, a former president of USC’s Academic Senate. Four of the gifts to USC were \$100 million or more, and half of the donors in the campaign were not USC alumni. Sample also has been very smart about hiring people who are very good at their jobs, Levine added.

Armstrong has been “as important as Steve in terms of changes at USC,” Levine said, citing as an example his hands-on concern about tenure decisions. “These are the most important decisions a university makes—it’s very important to the quality of the faculty. So you have a rare combination of Steve’s fundraising ability and Lloyd’s very rigorous vision of what a research university should be doing.”

However, Armstrong stepped down on June 1 and has been replaced as provost by the dean of the engineering school, C.L. Max Nikias. The new provost immediately put his own stamp on the office by naming six new top staff members, including Barry Glassner, professor of sociology, as executive vice provost.

There is some uncertainty on campus about the significance of these changes. Another source of campus concern has been Sample’s health. He was diagnosed with Parkinson’s Disease four years ago but “there has been no progress in the disease” since its diagnosis, the president said in an interview.

Felix Gutierrez, professor of journalism at USC’s Annenberg School for Communication, taught at the university 15 years ago, left for a post as senior vice president of the Freedom Forum journalism foundation, and returned to campus in 2003. “The biggest change I saw was the attitude of the university toward itself, its



PHOTOS BY AXEL KOESTER FOR CROSSTALK

Lloyd Armstrong, USC provost from 1993 until June 1 of this year, is credited with enhancing the university’s academic reputation.

own identity,” he said. “I came back to a campus that was much more ambitious academically, that had much better resources, and that was using those resources to address the central research and teaching functions of the university.”

USC doubtless has been helped in its efforts because it is not a public institution, hit by the budget cuts that have affected public higher education in many states. “A private university can be a little more nimble than a public university,” said Robert Atwell, president emeritus of the American Council on Education. “It doesn’t answer to a legislature or a state coordinating board. Public universities are generally parts of systems these days, and often the systems have to approve new programs.” Still, Atwell added, “it’s a little like moving a cemetery or herding cats to accomplish change at a university.”

Although Sample and Armstrong are given much of the credit for USC’s recent rise, several previous presidents, especially Norman Topping, president from 1958 to 1970, helped lay the foundation for this success. Topping oversaw an ambitious master plan for academic enrichment and physical growth. More buildings went up on campus during his tenure as president than had been constructed in the previous 80 years.

USC’s ambitions have led it to reduce the size of its freshman classes, thus raising admissions standards; move the core general education requirements back into the College of Letters, Arts and Sciences, to restore rigor to those classes; undertake hiring 100 senior faculty members for that college; urge students to minor in subjects unrelated to their majors; stress interdisciplinary teaching and research; increase diversity among the student body and faculty; and co-sponsor many programs in the immediate neighborhood.

No one would say that Eden has been

reached. While USC’s endowment has grown to \$2.4 billion, it is still considerably smaller than schools it now views as its competition, such as Stanford and Harvard, smaller even than Columbia or Duke. People attempting interdisciplinary research encounter departmental budgeting barriers. Many faculty members believe the library is not what it should be. Others say there is still insufficient faculty diversity. Despite campus police patrols on university grounds and in the neighborhood beyond, students sometimes still are victims of crime. And neighborhood activists decry USC’s lack of student housing, which they say is boosting rents around the campus out of reach for low-income people there.

USC has long been known for training many of southern California’s doctors, den-

“It’s a little like moving a cemetery or herding cats to accomplish change at a university.”

—ROBERT ATWELL, PRESIDENT EMERITUS OF THE AMERICAN COUNCIL ON EDUCATION



Journalism professor Felix Gutierrez, absent from USC for 15 years, returned to find “a campus that was much more ambitious academically.”

tists, educators and lawyers, but the reputation of its undergraduate program lagged badly behind the professional schools. “We didn’t take our own education seriously in 1990,” Armstrong said. Students could take courses elsewhere—say, a community college in Santa Monica—and still get a USC degree. “We had to ask ourselves, were we prepared to be really serious about our undergraduate education?”

To build quality, he added, “We had to change almost everything we were doing.”

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One of the first steps was to move the core general education requirements—two science and technology courses, two humanities and two social science courses—into the College of Letters, Arts and Sciences. Previously, many of the colleges had offered English courses or had their own general education requirements because the dollars followed the students. Many of these offerings were weak.

While the fight over moving the courses was a hard one, it was about money, not philosophy, Armstrong said. “We phased in this switch over three years and told the schools they were going to have to learn to make money” some other way—by offering continuing professional education programs, for example.

So many students now go on for ad-

USC’s ambitions have led it to reduce the size of its freshman classes, thus raising admissions standards.

vanced degrees that the bachelor’s degree is “just a way station,” Sample said. “So we turned the paradigm of minors on its head,” encouraging students to minor in subjects far afield from their majors—“breadth with depth,” he called it. Many students have found this appealing. For example, Andy Pitts is majoring in biomedical engineering but has a minor in music recording. Katie McGuire, a junior from New York City, majors in kinesiology

USC by the Numbers

Enrollment (fall 2004)

Undergraduate—16,500
Graduate—15,500

Undergraduate enrollment by race, ethnicity (fall 2004)

White—47.4 percent; Asian/Pacific Islander—21 percent; Hispanic—13 percent; African-American—6.5 percent; Native American—0.7 percent; international—8.7 percent; unknown 2.7 percent.

International Enrollment

5,533 (4,097 graduate students, 1,436 undergraduates)

Cost (fall 2005)

\$32,008 (tuition and mandatory fees)

Faculty by race, ethnicity

Total—2,874; White—1,980; Asian—496; Hispanic—101; African American—83; Native American—3; non-resident alien—154; unknown—57.

Endowment

\$2.4 billion

Annual operating budget (2004-05)

\$1.5 billion

President Steve Sample’s salary

\$704,861

Average SAT scores of entering freshmen

1350

and minors in French.

Students also pick USC because of its honors program, its top-rated cinema school, its location in a major city, or its Southern California weather. Clara Marshall, a junior from Houston majoring in English, said that in addition to the improving academics at USC, she was attracted by students’ friendliness. She had visited the campus during spring break and “some guys showed my mom and me their dorm—we couldn’t have gotten in otherwise—and they didn’t have to do that. I got a big scholarship, and that definitely helped as well.” Indeed, financial aid has grown to \$326 million this academic year, with 47 percent of that coming from USC grants.

About a decade ago the entering freshman class numbered 3,200. But then the university decided to shrink the size of that class, something President Sample likes to call a “counterintuitive” move. “It’s important to say that USC is now one of the most selective universities. Quite frankly, 30 years ago it wasn’t,” he said. “But now it’s like somebody threw a toggle switch.”

Even as USC was laying off 800 people in 1991, in the midst of a budget crisis, it started gradually reducing the number of freshmen. There were 2,750 students in this year’s freshman class. What the university lost in tuition revenue at the front end, it gained later on, as more students stayed in school and more graduated. “It was a little bit risky,” Sample conceded, but the move has paid off.

USC had been concerned that as SAT scores went up for entering freshmen—the average is now 1350 (out of a possible 1600)—the number of children and grandchildren of alumni enrolling might decrease. “The Trojan Family is very important to this institution,” Armstrong said. “But in 1991 about ten percent of the freshmen were what we call ‘scions’; today it’s 20 percent.” The more selective USC became, apparently, the more eager alumni children were to attend.

Students from elite high schools and prep schools now are coming to USC in greater numbers. Last year USC admitted 14 students from New Trier, an outstanding high school in the Chicago suburb of Winnetka, after years of having few applicants from there; three enrolled last fall. In the past there were few applicants from the prestigious Lawrenceville Academy, near Princeton, N.J. But last year USC admitted 21 Lawrenceville graduates, and six enrolled.

University planners also “tried to think of things to attract students that our competitors—Stanford and Harvard—wouldn’t do,” Sample said. Each year USC reserves 35 to 37 slots in the freshman class, and guarantees those students seats in the medical school if they maintain a 3.3



USC graduate student Alejandro Venegas (second from left) is shown with his father Justo (left), mother Damiana (right) and 100-year-old grandmother Filipa Olanda (second from right).

grade point average and finish in the top 50 percent on the Medical College Admission Test. “It worked miracles for us,” Sample said. “You don’t always have to use those seats. Some decide they don’t want to be doctors. Some don’t want to go to our medical school. But on the front end, in recruiting, it was great.”

However, the university’s six-year graduation rate still lags behind Stanford’s and Harvard’s, according to figures from the National Center for Education Statistics. After six years, 97.8 percent of members of the entering class of 1997 had graduated from Harvard, 94.1 percent from Stanford and 80.6 percent from USC.

In 2002, USC accelerated a decade-long effort to upgrade its College of Letters, Arts and Sciences by launching a campaign to recruit 100 new senior faculty. Sixty-eight have been hired so far. “We realized that we could not copy success stories of other institutions,” said the college’s dean, Joseph Aoun (pronounced Ah-OON). “We have to define our own identity.” The college is concentrating on three areas: life sciences, globalization and urbanization issues, and language and culture. It also has created interdisciplinary centers to provide leadership in emerging fields or rethink established ones, Aoun said.

Collaborating with the Getty Research Institute, for example, the college has established a center on the history of collecting and displaying art, bringing Malcolm Baker from the Victoria and Albert Museum in London as director. Antonio and Hanna Damasio are joining the USC faculty as professors of psychology and neuroscience, leaving the University of Iowa College of Medicine; they will head the newly created Institute for the Study of the Brain and Creativity.

USC’s establishment, with the Huntington Library, of an institute on California and the West lured historian William Deverell away from California Institute of Technology to be its director. Part of USC’s attraction was the opportunity to work

with graduate students—there are none in Caltech’s humanities program, Deverell said—“but the prime thing was the opportunity to be the founding director of this institute, an opportunity not to be passed up in my field. It’s a chance to really build something” and work with two “very, very ambitious institutions in a critical time.”

John Carlos Rowe, an expert on Henry James, was attracted to USC by a joint appointment in English and American Studies and Ethnicity after trying unsuccessfully for 20 years to institutionalize a similar program at UC Irvine. Another attraction for Rowe was the opportunity to teach freshmen. He had not done that for more than 20 years, and he likes the idea. “The feeling seems to be that this is a distinguished private university, and freshmen ought to be taught by all the faculty,” Rowe said.

To help provide “the same level of expectations” for quality teaching from one col-

While USC’s endowment has grown to \$2.4 billion, it is still considerably smaller than schools such as Stanford and Harvard.

lege to the next, Armstrong, the former provost, said he sat in with the senior faculty members on the committee discussing tenure decisions and posed questions about the candidates. At USC, authority to make these decisions rests with the president but he has designated the provost to make them. Armstrong said that he occasionally turned someone down for tenure, but usually—although not always—it was someone whose name came forward with negative recommendations.

William G. Tierney, director of USC’s

Center for Higher Education Policy Analysis and a former Academic Senate president, said the provost's attendance during these deliberations signaled the importance the university placed on awarding tenure. Armstrong's presence "pointed out that we did not want the status quo," Tierney said.

USC has changed physically as well as academically in the last 15 years. It remains an oasis of red-brick Italian Romanesque architecture and green grass in an inner-city neighborhood filled with Hispanic *mercados*, long-time African American residents and an influx of immigrants from Belize. But many of the streets that once ran through campus have been turned into walkways. There seems "to be a greater sense of an architectural plan for building instead of just people's individual dream buildings," said Felix Gutierrez.

Indeed, something is always under construction at USC, which has 28 projects either in the planning stages, under construction or recently completed. Ten of them are at its Health Sciences Campus, which is located seven miles from the main campus.

Among the biggest and most controversial projects is the \$70 million Galen Center, which will house USC's basketball and volleyball teams and is due for completion in September 2006. Before construction started, the Figueroa Corridor Coalition for Economic Justice tried unsuccessfully to negotiate what it called a "community benefits package" with the university, including affordable housing and jobs for local residents. Carolyn Webb de Macias, USC vice president for external relations, said the university declined to sign an agreement with the group because "they are not the only community organization with whom we would work or talk." Furthermore, the construction is a union project so the unions, not the university, would control jobs and wages, she added.

Members of the coalition—named for a strip of land east of campus—remain concerned about the lack of student housing provided by the university. As Pastor Brian Eklund of St. Mark's Lutheran Church, a founding member of the coalition, walked around the neighborhood recently, he pointed out apartment buildings, bungalows and Victorian-era homes that private

landlords have bought, "fixed up marginally and rented at much higher rates" to students, who can better afford the increased rents than can the low-income residents they displaced. Eklund acknowledged that USC has worked to improve its immediate neighborhood, but "it's not taking care of long-term needs," he said. "Sometimes they're destroying the very neighborhood they're trying to be tied into."

Safety on and around the campus remains a student and parental concern. Students have been robbed at gunpoint north of campus several times this past year. In February, a member of the Dance Force, which performs at USC basketball games, was struck by an assailant while the group was practicing at 8:00 PM in front of Heritage Hall near the center of campus.

After the 1992 riots near the campus, many people urged USC to move to safer ground. Sample, who had just arrived, said no. Instead, he insisted that the university focus its energies and initiatives on problems of the immediate neighborhood. An extensive community outreach program has been developed in which USC partners with local schools, Head Start centers and other organizations that provide needed services.

Through the Joint Educational Project, as many as 60 percent of USC undergraduates do some community work during their years on campus, although that figure might include some repeaters, said Tammy Anderson, the project's executive director.

The university also has launched the Neighborhood Academic Initiative for seventh through 12th graders, who participate in special classes at area public schools, receive extra tutoring, and take Saturday morning college preparatory sessions on the USC campus. Those who graduate from high school and are eligible for USC admission receive a full financial ride for four years. If they elect to attend another school for their undergraduate work, they are eligible for two years of financial aid for graduate work at USC afterward.

Alejandro Venegas completed the program in 1998, graduated from USC in 2002 and is now a graduate student in communications. Venegas said his parents had always wanted him to go to college but, as factory workers, thought they could not afford it. USC was always, in his eyes, "a place you aspired to come to."

The increase in community-based education is the most exciting change that Doe Mayer, the Mary Pickford Professor of Film and Television Production, has seen since coming to USC in 1988. "It's not just volunteer work but part of their course work. It gives them a very different grounding in the community." She also likes the encouragement of varied minors. "Graduates of the film school often don't come out with a broad enough understanding of the world. The minor program has been a big help. That perspective improves



Professor Doe Mayer praised new USC courses that combine classroom work with community service.

their film making."

Another measure of change at USC is its increasing diversity. Growing up in Lincoln Heights in East Los Angeles, Felix Gutierrez considered USC an "Orange County, beach and surf type of place—a rich white kids school." Today USC undergraduates are 47.4 percent white, 21 percent Asian/Pacific Islander, 13 percent Hispanic, 6.5 percent African American, 0.7 percent Native American, and 2.7 percent unknown. International students account for 8.7 percent of undergraduate enrollment.

USC is doing "very well in terms of African American and Latino undergradu-

The more selective USC became, apparently, the more eager alumni children were to attend.

ates, good for graduate students, and average for faculty of color," said William Tierney. "But this is an institution that does not accept average. Good enough is not good enough. I am not embarrassed by the results but we demand excellence and we are not good enough."

Gutierrez agreed. There is more assertiveness at USC "about saying it is important to learn about people who are different from you," he said. Nevertheless, USC has a "tremendous leadership gap as it relates to Latinos. Until USC addresses that and brings in leadership from the top, we're not going to be all we can be. I don't know why that is. It's a mystery to me and I'm disappointed." USC's ranking Hispanic administrator is Roberta Diaz Brinton, a pharmacy professor named last November as vice provost to oversee institutional diversity.

USC now has more Jewish students than in days past, when the university was viewed as the home of WASPs. Today a USC admissions officer actively recruits Jewish students; the dean of religious life is Rabbi Susan Laemmle; and the chairman of the board of trustees is Jewish.

Laemmle, who earned her bachelor's degree at USC and her Ph.D. at UCLA,

said that when she was an undergraduate, "I was not persecuted but I was looked upon as a kind of odd duck. That is awkward." In addition to developments ranging from the recruitment efforts to greater availability of kosher food on campus, Laemmle pointed to creation of the Casden Institute for the Study of the Jewish Role in American Life as making USC known more positively in the Jewish community.

This increased inclusiveness has helped in tapping new fundraising sources, said Stanley Gold, trustees chairman and head of Shamrock Holdings, Inc., an investment company. "If you're a white, Protestant club, it's hard to attract other donors." Gold said. While he acknowledged that Sample has put USC in a new league academically, Gold added, "our competition has endowments significantly larger than ours... We need to go out and shorten that gap."

Gold said President Sample's fundraising success "depends on a very well oiled machine" at which he stands at the pinnacle. "He has an enormously ingratiating personality and a genuinely curious mind. He sits down with you, hears what you're interested in and makes you feel that you are into something the university is interested in—because it is."

Sample called fundraising a back-and-forth process. He listens to learn what interests a donor. "I never just ask where they want to give because it may be a whole lot less than I'm looking for," the president said. "The very best fundraisers work long and hard, as much as two or three years, cultivating a potential donor before a specific project or amount of money is mentioned." Some donors, he reported, are surprised he waits that long before asking.

"We use faculty a lot, too," Sample said. "The most precious thing a research university like USC has is its faculty." Some don't like fundraising, but others enjoy it, Sample added, "maybe not as much as I do, but they enjoy it. You're showing off your best goods." ♦

Kay Mills, a former Los Angeles Times editorial writer, is the author of "Changing Channels: The Civil Rights Case that Transformed Television" (University Press of Mississippi, 2004).



Lutheran Pastor Brian Eklund says USC's efforts to improve the campus neighborhood have driven out many low-income families.

GEORGIA from page 1

dation about a million dollars in legal fees, a sum that trustee Otis Brumby, a Marietta, Georgia publisher, calls “just an obscene number...money that could be going to scholarships and grants.”

A few big donors have declared they will boycott the university’s \$500 million capital campaign as a result of the dispute, and some university supporters worry that the presence of two foundations—one with the imprimatur of the university and one independent—will confuse contributors.

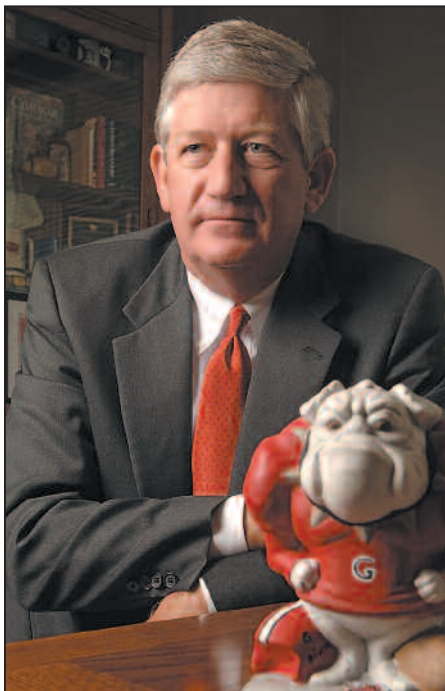
And it is still uncertain how the two foundations will get along under an agreement where one is managing an existing endowment and the other is trying to accumulate a new one, and where the old foundation maintains control of coveted sky suites at the football stadium and properties used in UGA’s study-abroad program.

All this comes at a time, ironically, when the university has been on a steady rise academically. For the past four years, it has been listed in the top 20 U.S. public universities by *U.S. News & World Report*, at one point reaching number 18.

“The vital signs at the University of Georgia have never been stronger,” said Adams. The university will enter the 2005-06 academic year with “the strongest student body ever, the strongest faculty ever, the strongest financial position ever, the strongest fundraising year ever,” he said. “And not many places can say that.”

And not many places, if any, have been through what UGA has been through in the past two years.

Adams was hired by the Georgia regents in 1997 from Centre College in Kentucky, in part because of his reputation as a top-notch fundraiser. His early years at Georgia seemed harmonious. The first rumblings of discontent came in 2001 when foundation trustees learned that sometime before football coach Jim Donnan was fired in 2000, Adams had secretly agreed to pay Donnan a quarter-million dollars if his contract were terminated early.



Publisher William NeSmith, shown with a replica of the university mascot, a bulldog, serves on both the old and the new UGA foundations.

The next red flag came when foundation trustees discovered that Adams had used \$13,000 in foundation funds to charter a plane to take university officials and spouses to George Bush’s inauguration in 2001. Eyebrows were also raised when an Adams aide, without authorization, committed the foundation to spend \$850,000 on an “eco-lodge” in Costa Rica for a study-abroad program.

But the pivotal event, described repeatedly by those aligned with Adams and the regents as “the straw that broke the camel’s back,” came when Adams announced in June 2003 that he would not extend for two years the contract of Vince Dooley, the UGA athletic director and legendary football coach.

Dooley, described by one state lawmaker as “someone so popular in Georgia people even name their bird dogs after him,” had been in negotiations with Adams for nearly two years about the timing of his retirement. He had asked Adams in 2001 for four more years, permitting him to retire in 2005. They eventually agreed that Dooley would retire at the end of June 2004. But in June 2003, Dooley again asked for two more years, instead of one, and Adams said no.

The reaction was like watching a tennis match in which each call by the umpire sets off a temper tantrum by one player or the other.

Former UGA football star Herschel Walker called Adams’ dismissal of Dooley an unnecessary slap at a Georgia icon and resigned from UGA’s capital campaign committee.

The UGA Foundation called a special meeting and ordered a forensic audit of Adams’ spending of foundation funds. The timing seemed suspicious to some, given that the foundation had recently been publicly supportive of Adams, but critics of Adams insist that the audit was not related to Adams’ refusal to give Dooley another year.

Foundation Trustee William Espy, a leader of efforts to oust Adams, said that “the origins of our disputes with Mike Adams have everything to do with our fiduciaries. This whole dispute has nothing to do with the continued employment of Vince Dooley or athletics. It had zero to do with that.”

In any event, Adams moved adroitly to exploit the notion that this was a case of football boosters running wild, telling ESPN that “this has now become about what element is going to control the University of Georgia—the academic side of the house or the athletic side of the house.”

But Espy, who funds three athletic scholarships at UGA, insists that while “the local press bought into that, and continues to buy into that, it has had nothing to do with our dispute.” Two weeks after the special foundation meeting Dooley supporters delivered to the regents a wheelbarrow full of 60,000 names of people demanding that Adams be removed from office.

The special audit, released three months later, accused Adams of making improper expenditures, and suggested that he may have misled the foundation by inflating the value of a purported job offer to

become president of Ohio State University. The audit, which also criticized the foundation’s management practices, was immediately denounced by Adams’ supporters as based more on innuendo and gossip than on fact.

When the *Atlanta Journal-Constitution* hired outside experts on forensic accounting—which focuses on suspected illegal activity—to examine the audit, even they disagreed over its relevance and credibility.

The foundation then threatened to withhold the supplement that it provided for Adams’ salary, which made up more than half of his \$550,000 annual compensation package, but later yielded and agreed to pay it. Shortly thereafter, however, with foundation trustees continuing to snipe at Adams, the regents suddenly directed UGA to cut its ties to the foundation. The next day, foundation trustees vowed to continue to operate as an independent organization.

The regents then voted to stop using private funds directly to supplement the salaries of state university presidents, but to continue to ask foundations to contribute money to the regents for that expense. After the foundation agreed to pay Adams deferred compensation for 2003 and 2004, the regents agreed to cancel the divorce between UGA and the foundation if the foundation would sign a memorandum of understanding defining their relationship. It also directed foundations at the system’s other 33 institutions to sign such agreements.

Despite intense negotiations between the foundation and the regents, agreement on details of an operating agreement could not be reached before a deadline of April 12 this year. Eight days later, without a signed agreement, the regents again directed the university to sever its ties to the foundation. This time there would be no reconciliation.

The Atlanta newspaper reported that Columbus, Ga., banker James Blanchard, a former foundation trustee who had negotiated the previous peace treaty with the regents, sent an e-mail to regents chairman Joel Wooten calling the regents’ decision “an abomination and the act of a bully,” adding, “consider me an adversary rather than an ally.”

Amid the charges and counter-charges, many observers outside Georgia are wondering why it had to come to this. Why, for example, were efforts by third parties to mediate the dispute rejected?

Plenty of outside advice was available, if the two sides wanted it. For example, at the same time the Georgia parties were negotiating, a task force of the AGB and the Council for Advancement and Support of Education (CASE) were approving a model “Memorandum of Understanding” (MOU) which the two organizations commended to their members.

The preamble to the model MOU spelled out several elements that universities and their foundations should include to



Former UGA Journalism Dean John Soloski says donors “large and small” have indicated they no longer will contribute to the journalism school.

define their relationship, and offered a seven-page formal contract that the two parties would sign committing them to that relationship.

One element focused on compensation for university presidents, saying that governing boards should assume full responsibility for providing such compensation, but adding: “When private support is necessary, institutions and foundations should structure such supplements in ways that limit the foundation’s influence in presidential selection or oversight.” The determination of Georgia regents to limit that aspect of the foundation’s influence is widely believed to be the reason that no agreement could be reached and the second “divorce” became final.

Wooten, the regents chairman, said that endless hours of negotiations failed because “a few key players associated with the UGA Foundation refused to accept the primacy of the board of regents relationship...The failure to accept that relationship and to just push back on some issues kept us from ever getting complete cooperation.”

Both sides had initially indicated inter-

While UGA President Michael Adams and the regents may have come out the winner, the full cost of the controversy may not be known for years.

est in outside advice. In January of 2004, Indiana University Foundation President Curt Simic, an expert on university-foundation relationships, had come to Georgia and talked to the regents and the presidents and heads of the state’s 34 universities and foundations. But his advice—that there must be more formal and informal communication between institutions and foundations—didn’t work, at least in the case of UGA.

In the spring of this year, the regents, who oversee all of Georgia’s public col-

leges and universities, were negotiating MOUs with foundations at the three most prominent state universities, UGA, the Medical College of Georgia and Georgia Tech. As those negotiations bogged down, Republican State Representative Barry Fleming pushed through the House of Representatives a resolution calling for a legislative review of the negotiations at the three institutions.

The resolution appeared to break the impasse at the Medical College of Georgia and Georgia Tech, but not at UGA. Fleming said he had also suggested getting the AGB to mediate, “but they (regents) won’t even let these people come in and talk with us.” After the resolution was passed in the legislature, Fleming said, the regents “had a miraculous change of

Some university supporters worry that the presence of two foundations—one with the imprimatur of the university and one independent—will confuse contributors.

heart” and resolved several disputes in the negotiations with the medical college and Georgia Tech, but continued to stonewall against the UGA Foundation.

“The speculation that is most prevalent,” said Fleming, “and what I draw from the board of regents...the decision was made a while back that they were going to do whatever it took to get rid of the crowd running the UGA Foundation.”

The lines were drawn so deeply that even efforts by those on the sidelines to counsel compromise ran into trouble. When UGA deans secretly drafted a statement calling on the university and the foundation to “focus on what’s important” for the students and faculty at UGA, word leaked out within hours and brought outside pressure that split the normally friendly group.

“Even by taking what we thought was a neutral stance,” said UGA journalism professor and former dean John Soloski, “we stepped on the playing field and we didn’t know it. We had to quickly get off.” The bland statement, for what it was worth, was approved.

DuBose Porter, Georgia House Democratic leader, believes the donnybrook could have been avoided if Governor Sonny Perdue, a Democrat-turned-Republican, had interceded.

“In the past,” Porter said, “we’ve had governors who intercede and solve these kinds of things. This has been languishing for much too long.”

But AGB president Ingram believes both Fleming and Porter are wrong in suggesting intervention by politicians in the legislature or the governor’s office.

“I really do believe it was the responsibility of the leaders of the board of regents and on the ground at the University of Georgia to work out their differences,”

Ingram said. “When that didn’t happen, the board of regents had not just the authority but the moral responsibility to exercise their judgment...If we have issues like this in the future on any dimension or scale, the last thing we should want is for the governor or legislature to intrude.”

Calculating the damage of this long-running feud is subjective, but there is broad agreement both inside and outside Georgia that it has tarnished the University of Georgia’s national image and could adversely affect donations to the university, at least in the short run.

Charles Campbell, an Atlanta lawyer and president of the Richard Russell Foundation, a major supporter of UGA programs, feels the image issue keenly because he will be a trustee of the new Arch Foundation. As governor of Georgia in the 1930s, Russell created the board of regents as a way to shield higher education from politics.

“I don’t think there’s any question that it (the dispute) has not been helpful, that it has come at a very strange and unfortunate time, in the sense that the university has never been more highly rated, or more highly regarded outside Georgia than it is now,” said Campbell. “To have this happen at this time is certainly counterproductive. Whether it’s caused any lasting damage to the university probably depends partly on what happens here, and that’s one reason I was willing to get involved (in the Arch Foundation).”

Said AGB’s Ingram: “We don’t see boards (of regents) saying to their foundations ‘cease and desist, we’re going to replace you with another group of men and women to accept your responsibilities...This is one end of the continuum, the worst of tensions, the worst of angry feelings and power politics.”

But some of UGA’s biggest donors say the controversy hasn’t changed their attitude about giving. Jane Seddon Willson, a pecan farmer from Albany, Georgia, and a UGA Foundation trustee, has given millions to UGA, and says she has no plans to stop. “I still love the university and I’m a graduate of Wellesley College,” said Willson, who became enamored of UGA when she and her husband began attending seminars there decades ago. “I think it’s a little bit dramatic—those who say they’ll not give anymore.”

William NeSmith, publisher of a group of small newspapers in the Athens area, a UGA Foundation trustee and outgoing national president of the UGA Alumni Association, said “I’m not going to give less, I’m going to give more, with hopes that all this will be worked out.” NeSmith, who has donated more than \$100,000 to UGA in the past five years, and who will serve briefly on both the old and new foundations, says he will “cheerlead” fundraising for a new alumni center at UGA as soon as his chairmanship of the alumni association ends.

But there are also indications that the dispute has made some potential donors wary. Soloski, the former journalism dean, says he’s had donors “large and small” tell him they’ll not donate again to the Grady College of Journalism and Mass Communications, or are holding off until they



Trustee Otis Brumby says the million dollars the UGA Foundation has spent during the controversy could have paid for student grants and scholarships.

see how the controversy ends. Included, he says, are two potential million-dollar contributors.

Tad Perry, executive director of the South Dakota Board of Regents, says that any kind of swirling controversy “raises doubts about the stability of an organization. And if you were trying to recruit high-powered researchers or deans, or presidents,” said Perry, who recently negotiated MOUs with that state’s six university foundations, “there’s going to be a pause in the commitment because of the environment. And you’d want to test—certainly I would, if I were looking at a position at the University of Georgia. I’d [want to] be sure I understood what the potential impact is for me. Particularly if you’re trying to build some program, and you’re doing private resource hunting, as most deans and presidents are, yeah, I think it does have an impact on you.”

UGA Foundation Trustee Brumby, who has agreed to serve on the new Arch Foundation, says that there might be a bright lining to the dark cloud. “I suspect that any time you have some uncertainty, it

This long-running feud seems to have tarnished the national image of UGA and could adversely affect donations to the university.

causes people to rethink their giving or their commitment, and that’s why all that’s happened in the past two years is unfortunate. But I suspect there are some who feel this shouldn’t have happened, therefore I need to step up and do more.”

Does that mean the squabbling is over? Not likely.

Some trustees of the old foundation have suggested they still have the authority to not just manage funds already received, but to solicit more. If that happens, UGA officials say the university’s accreditation by the Southern Association of Colleges and Schools could be endangered, because a university president must have ultimate control over fundraising done on behalf of the university.

Also, there have been threats by at least one prominent donor to UGA to sue the old foundation if it allows control over his contributions to pass to the university or to Adams. And there are reports that Dooley is finishing up a book that puts Adams in a bad light in a chapter that describes the terms of their separation.

But while the sniping may continue, some find a nugget of good news in how the controversy has played out.

“You’d certainly prefer that the issue would have never arisen,” said Adams, the man at the center of the controversy. “[But] it has established positive priorities for what we’re about.” He said that in his contacts with colleagues and other senior administrators at universities around the country, “we’ve been given good marks... for how the university responded and handled this matter. From that standpoint, it’s been a net positive.”

Regents chairman Wooten argues similarly that the feud was a net plus because it “brought clarity to the relationship” between colleges and universities and the board of regents and it forced the regents to address the issue of who pays salary supplements for university presidents.

In much the same vein, others see the outcome as a vindication of Richard Russell’s vision more than 70 years ago. Russell, the late Georgia governor and U.S. senator, wrote in his memoirs that one of the things he was most proud of from his life in public service was the creation, when he was governor, of the board of regents as a vehicle to limit political influence on Georgia’s higher education system.

The decision by the regents to fire the UGA Foundation is seen by some as an example of the regents finding the backbone to do just that.

“Whoever on the board of regents, either brilliantly or by sheer luck, required UGA to sever its relationship with the foundation made an incredibly brilliant political maneuver,” said UGA’s Soloski. “Because in that one decision, the regents now have teeth, and they bark and they bite. They’ve established themselves as a power. That bodes well not just for UGA, but for the system overall.” ♦

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

Emphasizing Two-Year Programs

Montana's "Shared Leadership" project attempts a more collaborative approach to higher education

By Kathy Witkowsky

GREAT FALLS, MONTANA

KYLE BAKER grew up on a farm in central Montana, and graduated from high school in 1999. She didn't know what she wanted to do with her life, but that fall, she enrolled at Montana State University in Bozeman, 200 miles away. "It was the thing to do—to go to a four-year school," said Baker. The state operates six public four-year institutions, and is home to three private four-year colleges as well. But in Baker's mind, there were only two options: the main campus of the University of Montana in Missoula, or the main campus of Montana

Only 21 percent of Montana's postsecondary students attend one of the state's 15 public two-year colleges, whereas nationally, the figure is nearly twice that.

State in Bozeman. "I thought, 'Hippies go to Missoula, cowboys go to Bozeman,'" said Baker, explaining how she made her choice.

She earned A's and B's in her courses at MSU, but, she said, "I got nothing out of them." One semester and \$6,000 later, she quit and joined the Navy.

"What a waste of money," said Baker, 24. Not that she is opposed to postsecondary education. Far from it: This summer she expects to graduate from a two-

year practical-nursing program at MSU-Great Falls College of Technology; in the fall, she will re-enroll at MSU-Bozeman to get her RN degree.

In hindsight, Baker wishes she had started out in Great Falls, where tuition is considerably lower than at Bozeman. But that was an idea she never even considered. In fact, she said, although she grew up about 20 miles outside of Great Falls, "I didn't even really know there was a school here."

This is an all-too-familiar story, said Great Falls College of Technology Dean and CEO Mary Sheehy Moe, and it is one that frustrates her.

Only 21 percent of Montana's postsecondary students attend one of the state's 15 public two-year colleges (five of which are operated wholly by the university system), whereas nationally, the figure is nearly twice that: 39 percent of all postsecondary students are enrolled at two-year institutions. "What happens in Montana is they grow up thinking they're going to be Bobcats or Grizzlies," Moe said, referring to the sports teams of MSU-Bozeman and UM-Missoula, respectively. "So they go to one of these places but drop out after their freshman year."

Seventy percent of Montana's college students are enrolled at one of the state's public four-year institutions, but one-third of freshmen do not return for their sophomore year. And unlike Baker, many do not re-enroll: Only 42 percent of first-time, full-time college students complete a bachelor's degree within six years of matriculating; and only 1.9 percent of adults aged 25 to 49 are enrolled part-time in any kind of postsecondary education, the lowest percentage of any state in the nation.

"The end losers in that game are Montanans, because the market tells us

that you can't make meaningful gains in income without a degree," said Mark Semmens, a member of the Montana Board of Regents, and an investment banker.

Beyond the fact that they're little-known, part of the reason for the state's disproportionately low enrollment at its university-operated two-year colleges might be the cost of tuition: At \$2,876 for the coming academic year, it is less than two-thirds that of the state's public four-year schools, yet is still among the highest in the country for public two-year colleges. But perhaps the biggest problem, Moe said,

is one of perception. The colleges of technology were connected to the K-12 system until 1987, and did not affiliate with MSU or UM until 1994, so they are still struggling for respect. "Montanans still kind of think it isn't college, and that it's a dead-end," said Moe.

But education officials say nothing could be farther from the truth, given the state's current and projected workforce needs. And they are hopeful that a new statewide emphasis on workforce development and access to education—precisely the missions of the university system's five two-year colleges—will mark a turning point for them and for the state. Nationally, Montana perennially ranks near the bottom when it comes to earnings; averaged from 2001 through 2003, the median household income was \$34,375.

The new focus has emerged as a result of a directive from the Montana Board of Regents, which in 2003 instructed the chronically underfunded university system to take a more direct role in the state's economic development.

Called "Shared Leadership for a Stronger Montana Economy," the program grew out of an ad hoc working group comprised of representatives of state agencies and organizations. The group met between September 2003 and January 2004, when it formalized the process by developing a framework for a team of legislative, state agency, education, business and labor leaders, as well as an interim legislative committee, to consider key areas that higher education should address.

Within a few months, a long list of priorities was whittled down to three approved in July 2004 by the board of regents: workforce development; access to education; and distance learning. Steering committees comprised of volunteers from the public and private sector subsequently made specific policy recommendations relating to each of those goals. A number of them made their way into the 2005 legislature, where lawmakers approved \$10.8



Mary Sheehy Moe, dean and CEO at Great Falls College of Technology, hopes the Shared Leadership plan will lead more Montana students to attend public two-year colleges.

million worth of them.

The idea for Shared Leadership originated with John Mercer, who is chairman of the regents. He wanted to promote a more collaborative approach to higher education and change the nature of the funding arguments at the capitol. A Republican state representative for 16 years, eight of them as speaker of the house, Mercer watched his own party repeatedly turn away requests to increase higher education funding. But since being appointed to the board of regents in 2001, he has used his political acumen to lobby for the university system.

"Instead of it being all about what the university system needs, it's now all about what the state needs," Mercer said. "And as we accept and shoulder some of the problems and concerns of the state, the

Seventy percent of Montana's college students are enrolled at one of the state's public four-year institutions, but one-third of freshmen do not return for their sophomore year.

state is more receptive to us, and they are recognizing that the solution to many of those problems lies within education," Mercer said. And vice versa, he added, because without a healthy economy, there won't be any money to fund higher education. "We have to grow the state's economy in order to keep the system going," he said.

Over the past 12 years, the legislature steadily reduced state support for higher education relative to its cost. That left the board of regents little choice but to increase tuition, which went up 114 percent



Nursing student Kyle Baker (left) practices on a mannequin at Great Falls College of Technology.



The Need for State Policy Leadership

HIGHER EDUCATION plays an increasingly central role in our economy and society. We believe the state-level public policy environment in which colleges and universities operate must change in significant ways to meet the challenges of the rapidly emerging knowledge-based global economy, particularly the need for more Americans to achieve knowledge and skills beyond the high school level. To address these challenges, states must improve their capacities for dealing with higher education issues and providing public policy leadership. These capacities have significantly eroded in recent years.

We have chosen to focus on the capacity to formulate and implement state policy—rather than institutional, national, or federal policy—for a reason. We recognize that states do not have an exclusive responsibility for higher education policy and performance. College and university governing boards play a major role in the higher education policy agenda, as does the federal government. However, states are the decision-making entities historically responsible for higher education policy, and they remain the ones best situated to frame a broad public policy agenda for all of education, with the greatest probability of success in maintaining focus and sustaining policy.

State policy capacity should be focused on the linkages between higher education and society, and not on the details of institutional management. The new policy environment will require organizations with credibility and leadership skills that can link higher education to the future of each state and the nation as a whole, build relationships between higher education and policy leaders, work across education sectors—with schools and colleges, with public and private education—and with agencies responsible for other dimensions of social and economic policy. In some states, this change will be one of emphasis, but in most it may require a different design for state policy than they have had before.

The purpose of the changes needed is clear: America must substantially increase its levels of educational attainment for its people—its priceless educational capital. We first state the reasons for this ambitious goal and then the unique responsibilities of states for achieving it. In the third section we list a number of principles or criteria by which we believe actions should be judged, and which raise questions for states.

The Challenge: Raising Educational Attainment

The current system of American higher education has produced some of the most respected colleges and universities in the world. This has been accomplished because we have built a generously financed, entrepreneurial, and institutionally diverse system with strong support and a high degree of independence from government, both federal and state. All this has been possible because of a remarkable degree of consensus that the interests of society are best served by strong educational institutions with considerable autonomy.

As strong and successful as many of our institutions are, there is increasing evidence of serious gaps in our national capacity and perfor-

mance in college access and degree attainment, some new and some old. Consider the following:

- ◆ **Global competition.** Several countries have now overtaken the United States in higher education access and degree attainment. Shortages of educated manpower are particularly acute in science and technology; several international competitors now far surpass the United States in degree production. As these countries invest in building their own systems of higher education, our country is also losing the foreign graduate students who have long contributed to the excellence of our doctoral programs.
- ◆ **A leaking pipeline.** The U.S. system of higher education is characterized by relatively low college-degree and credential completion. Only 68 percent of ninth graders graduate from high school in four years, and only 18 percent complete an associate's degree within three years or a bachelor's degree within six years of enrolling in college. Baccalaureate degree attainment rates for Latino and African-American young adults—the fastest-growing population groups in our country—are less than half of those for white and Asian-Pacific Islanders. The educational attainment of young Americans is declining. Unless these problems are addressed, the nation's competitive position in the world will deteriorate.
- ◆ **Workforce supply and demand.** Currently, the fastest-growing and highest-paid jobs require education and training beyond high school. The baby boomers—the best-educated generation in our history—will shortly begin to leave the workforce. Some labor market forecasts predict a significant shortage of college-educated workers over the next decade and a half, a situation that reflects a failure to produce sufficient graduates. A *Business Week* analysis has warned employers of an impending “wrenching manpower and skills shortage,” especially of college-educated workers.
- ◆ **Technological change.** The pace of technological change requires a continuous need to reinvent and develop the United States economy

(continued next page)

States must improve their capacities for dealing with higher education issues and providing public policy leadership.

A working group on *State Capacity for Higher Education Policy* was convened to develop this statement, which was approved by the National Center's Board of Directors in June 2005.

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(from preceding page)

through attention to research and innovation that supports economic growth.

Changing the State Focus

In the post–World War II era, public policy for higher education has concentrated primarily on building, developing, maintaining, and overseeing

America must substantially increase its levels of educational attainment for its people—its priceless educational capital.

ing our institutions of higher education. The primary state role has been to oversee the institutions on behalf of the state, ensure efficient allocation of resources, avoid duplication of effort, and manage expansion to ensure an orderly disposition of funds. Approximately half of the states did this through statewide governing boards, with responsibility for governance of public institutions as well as for statewide planning; the others relied on coordinating boards, which focused on mission and program allocation, planning, student aid, and coordination of public and private institutions and higher education sectors. Economic access was maintained largely through low tuition policies and state-funded

student aid programs that—when they existed—were also designed to enable students to choose independent institutions.

In the last decade, there has been a substantial change in the role of the state in higher education. There have been four major reasons for this: changes in state government; the shifting of greater financial responsibility to students and families; the growth of the for-profit sector and other new modes of provision of higher education; and greater student mobility across institutions.

◆ **Changes in state government.** The policy environment has profoundly changed state capacity to address higher education issues. Faced with increasing demands for public resources to finance health care, public schools, and other services—and public pressures to reduce taxes—many states have decentralized and privatized state services and altered the functions of existing boards and agencies. Greater political volatility—including intensified partisanship, greater use of the initiative process, and term limits—has created new challenges in sustaining long-term policy agendas across political and economic cycles.

◆ **Shift of responsibility for funding.** Nationwide, there has been a sea change in patterns of public financing of higher education as the costs of higher education have increased and the responsibility for paying for education has slowly shifted from the taxpayers—largely in the form of generous state subsidies to institutions, supplemented with need-based federal aid—to individual students. Tuition comprises an increasing share of revenues for public and private higher education. Because need-based financial aid has not kept pace with tuition increases, low- and middle-income students are slowly being priced out of colleges. Rising unmet financial need means that over 200,000 college-qualified students annually are unable to afford to go to college—even at their local community colleges.

◆ **New modes of providing higher education.** The growing for-profit sector and the expansion of distance learning are changing the higher education landscape. Accredited degree-granting proprietary institutions are the fastest-growing education sector in the country. These institutions frequently join their more venerable counterparts, the tradi-

tional nonprofit institutions, to advocate for a shift in state policies from subsidizing institutions to funding for student aid. This model has been very attractive in the current political environment, where public resources are severely constrained, and policymakers are looking for ways to accomplish public purposes through private and market-force means. While some traditionalists in higher education continue to view these new providers with skepticism, there is little question that they are here to stay, and have a legitimate and growing role to play in serving the public. Their presence has contributed to pressure for a shift in state policy, away from the historic focus on public institutions and toward greater attention to the contributions of all sectors to meeting student needs, improving student learning outcomes, and contributing to public priorities. The changes also present new policy challenges in terms of quality assurance and consumer protection.

◆ **Student mobility.** Another factor contributing to this shift of policy attention is that increasing numbers of students now obtain their education from courses taken at a number of institutions.

Some do this through formal course transfer from one institution to another (including transfer from four-year to two-year institutions), but many do this by augmenting on-campus education with Internet-based instruction. Assuredly, public policy should reduce leakages in the educational pipeline, but individual institutions acting alone cannot realistically be held “accountable” for

Because need-based financial aid has not kept pace with tuition increases, low- and middle-income students are slowly being priced out of colleges.

all aspects of a student’s education when they provide only portions of the education of many students. States must find new strategies to set goals and evaluate results for student learning outcomes that cut across individual institutions and are capable of benchmarking learning achievement at a statewide level. Traditional information systems, designed to support budget allocations to institutions, are inadequate for these new needs.

In almost every state, legislatures and governors have responded to the changed policy climate for higher education by refocusing the state role away from institutional oversight and regulation in favor of greater campus autonomy and market adaptability. Many states have loosened or abandoned traditional attention to mission differentiation, and are encouraging institutions to be entrepreneurial to best compete in the markets they deem most appropriate.

Higher education institutions have benefited unevenly from the deregulation movement. Many public flagships and well-positioned regional universities have probably come out ahead, some at the expense of serving the students and employers in their states. For many public flagship institutions, this loosening of regulatory restraints has resulted in increasing recruitment of out-of-state and academically meritorious students, attractive both for the hefty tuition checks they pay and for their impact on college ratings. Whether the majority of community and comprehensive col-

Profile: American Higher Education

Students

- ◆ There are 17 million college students, with 15 million (or 86%) enrolled at the undergraduate level.
- ◆ Forty-four percent of the undergraduates are enrolled in public 2-year, 36% in public 4-year, 2% in private 2-year and 18% in private 4-year institutions.
- ◆ Forty percent of the undergraduates are enrolled part-time.
- ◆ Of all undergraduates, 37% are non-white.

Colleges and Universities

- ◆ 4,200 colleges and universities offer degree-granting programs.
 - 26% are public 2-year institutions.
 - 15% are public 4-year institutions.
 - 18% are private 2-year institutions.
 - 41% are private 4-year institutions.

State Support for Higher Education

- ◆ States contributed \$48 billion in FY 1981, \$58 billion in FY 1991, \$67 billion in FY 2001, and most recently, \$63 billion in FY 2005 (adjusted for inflation). State subsidies grew 32% from FY 1981 to FY 2005.
- ◆ State and local government support per student (adjusted for inflation) was \$5,577 in FY 1993 and \$5,616 in FY 2004.

Note: Data on colleges and students are for fall 2002 and all dollar figures are adjusted for inflation (in 2004 dollars).

Sources: For colleges and students, National Center for Educational Statistics (NCES), *Enrollment in Postsecondary Institutions Fall 2002 and Financial Statistics Fiscal Year 2002*, U.S. Department of Education, 2005; for state appropriations, *Grapevine*, Normal, IL: Illinois State University, 2005; for local appropriations, *State Higher Education Executive Officers, SHEEO Finance Survey*, 2005; for full-time equivalent enrollment, NCES, *Digest of Education Statistics*, U.S. Department of Education, 2005.

leges have been similarly advantaged is debatable.

Still, few would argue that the movement away from state regulatory control has been anything but good for individual institutions of higher education. But evidence over the past decade argues that it has not been equally beneficial for the state itself and for the public interest, which is more than the sum total of institutional interests. This evidence shows that some key functions that serve the public do not flourish in a market-defined climate: affordable college access, particularly for low-income students; addressing achievement gaps between racial and economic subgroups; retaining students to a degree or other objective; assuring learning results across multiple institutions; assuring adequate programs and student places in areas of public need and high costs, such as nursing and engineering; and responsiveness to high-priority needs of employers and communities. These issues, particularly concerns about escalating tuition and mission drift, are leading some states to consider reinstating tighter regulatory controls.

As old regulatory models have eroded, there has not been development of new forms of policy capacity capable of using state policy tools to address public needs—provided through public, private, nonprofit, or for-profit institutions. Addressing this problem will require new forms of state policy for higher education and different kinds of organizations and strategies, not a rebuilding of traditional structures that focus primarily on regulatory aspects of institutional oversight. States instead need to articulate broad goals for higher education, to devise approaches to accountability that assess progress toward these goals and identify performance gaps, and use state subsidies to improve performance. States must develop the tools to look at the broad intersection between higher education and public needs in order to make judgments about how to leverage performance improvements through strategic investment of resources. For most states, this means development of organizations that have the intellectual capacity and the political sophistication to provide and sustain policy leadership and engage key government, higher education, public school, business, and public constituencies.

Instead of zigzagging between either regulatory or market-based solutions, states must find ways to blend policy and market solutions in pursuit of the broader public interest. To do this will require more capacity for diagnosis of broad trends and the tools to leverage change using a variety of incentives including, but not confined to, funding. Contributions to the public agenda may come from private institutions, for-profit institutions, and collaboratives that draw across many institutions.

A Word about How to Proceed

Dramatically increasing the educational attainment of the population is unlikely under a business-as-usual scenario. Without state policy leadership to develop statewide priorities and effect change, traditional decision-making entities, built for other times and other public purposes and based primarily on institutionally focused issues, will crowd out these important public priorities. An independent, credible entity must be charged with this agenda—change will not happen solely through traditionally designed state agencies or the collaborative voluntary efforts of institutional leaders. In most states, this will require substantial redesign of the organizations and agencies that are currently in place. The specifics will differ across states, but whatever the organizational forms, the effective, sustained state policy leadership for higher education must include:

- ◆ A broad-based public entity with a clear charge to increase the state's educational attainment and prepare citizens for the workforce.

- ◆ Strength to counter inappropriate political, partisan, institutional, or parochial influences.
- ◆ Capacity and responsibility for articulating and monitoring state performance objectives for higher education that are supported by the key leaders in the state; objectives should be specific and measurable, including quantifiable goals for college preparation, access, participation, retention, graduation, and responsiveness to other state needs.
- ◆ Engagement of civic, business, and public school leaders beyond state government and higher education leaders.
- ◆ Recognition of distinctions between statewide policy—and the public entities and policies needed to accomplish it—and institutional governance. The role of statewide policy leadership is distinct from the roles of institutional and segmental governing boards.
- ◆ Information gathering and analytical capacity to inform the choice of state goals/priorities and to interpret and evaluate statewide and institutional performance in relation to these goals.
- ◆ Capacity to bring coherence and coordination in key policy areas, such as the relationship between institutional appropriations, tuition, and financial aid.
- ◆ Capacity to influence the direction of state resources to ensure accomplishment of these priorities.

The public interest is more than the sum of the interests of individual institutions.

Questions and Issues for State Leaders

No single organizational model of public policy has yet been proven to accomplish what we believe is essential to the nation's future—substantially increasing the levels of educational attainment for all Americans to ensure the necessary knowledge and skills for the economy and the

(continued next page)

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democracy. Therefore, while we believe the characteristics described above are useful, they surely must be open to frank discussion, debate, and refinement. We need a different language for talking about, and designing, these types of policy capacities, a language that gets us away from traditional ways of thinking about power and autonomy as a zero-sum struggle between institutions and government. The Working Group, under the auspices of the National Center for Public Policy and Higher Education, invites responses to these ideas.

To begin, we propose the following questions for states:

1) What are the issues of educational achievement in each state? Do states have the capability to produce the quantity, quality, and levels of educational attainment needed to sustain economic development and individual opportunity in the future?

2) Is there broad-based agreement about state priorities for improving performance in post-secondary education in the next decade?

3) Is there a statewide organization specifically charged with the responsibility of articulating state goals and recommending strategies to meet them? Does that entity have the resources—including people, data, and ties to state leaders—to enable it to be a credible

and effective presence in state policy for higher education?

4) Are the oversight responsibilities of states and institutional governing boards and the respective responsibilities for performance and public accountability clearly defined and differentiated?

We believe there is no conversation more important to the future of individual opportunity, economic prosperity, and higher education than the one proposed here. We urge state leaders to engage these issues. Our present models for state control and coordination of higher education are the legacy of earlier policy goals for rational growth, broad access, and high quality. Pursuit of them has made American higher education the envy of other nations. However, it does no disservice to the earlier policy leaders to note areas where success eluded them or events have overtaken their solutions. ♦

Some labor market forecasts predict a significant shortage of college-educated workers over the next decade and a half, a situation that reflects a failure to produce sufficient graduates.

The National Center for Public Policy and Higher Education

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between 1994 and 2004; over the next two years, it is scheduled to go up another 17.2 percent, averaged over all campuses. The state's share of the cost of higher education has fallen from 74 percent in 1992 to 43 percent this year, forcing students and their families to pick up most of the balance with tuition and loans.

Montana earned an F for affordability on the 2004 "Measuring Up" report card published by the National Center for Public Policy and Higher Education (which also publishes *National CrossTalk*). The report noted that state and local appropriations for higher education total just \$164 per capita, or \$6 for \$1,000 of income, and that annual college expenses

"Shared Leadership for a Stronger Montana Economy" grew out of an ad hoc working group comprised of representatives of state agencies and organizations.

at public institutions—including two-year colleges—amount to about one-third of family income.

In addition, the report said, Montana was offering a woeful average of \$62 per student in need-based financial aid, far below the \$240 average provided by its peer states in the west, and even farther below the national average of \$316 per student.

The Shared Leadership program is an attempt to reverse that trend. This isn't the first time the state's education officials have tried to make the case that an educated citizenry benefits the economy. But those involved say this time around the effort is broader and more coordinated, and the message is more focused.

"There's always been an abundance of evidence that investing in higher education

makes sense," said regent Mark Semmens. "What was missing, I think, was an extensive, well-executed process to draw in policymakers, business people and the public."

Also missing was a commissioner who could effectively make the case for higher education. Now Montana has Commissioner of Higher Education Sheila Stearns, a soft-spoken, widely respected Montana native who took over her current position in September 2003. She had been serving as president of Wayne State College in Nebraska, and before that, as chancellor at University of Montana-Western in Dillon, Montana. A Democrat in her personal life, she has managed to remain above the political fray in her public life, earning enthusiastic praise from members of both parties.

"Sheila Stearns has got the most fabulous communication and organizational skills of any person that has ever been on the scene in Montana, period," said Mercer. "And so she's uniquely qualified to lead this effort because she has a very disarming personality. She's friendly and intelligent, and she's the sort of person that people like to work with, and they trust her. So she can kind of carry that message for the university system, as well as being the focal point for transmitting that information between the university and the leaders of the state."

The message is this, said Stearns: "Higher education is now more vital to the future of the state than probably ever before in its history." Traditionally, the state's economy has been heavily tied to natural resources—timber, mining and agriculture. But as those industries decline as a proportion of the state's economy, the answer is no longer "tradition," she said. "It's education."

The legislature (where Democrats control the Senate, and the House is split 50-50) appears to be listening: In April, it passed a new biennial budget that includes \$10.8 million in the general fund for proposals related to Shared Leadership. Among them is the \$1.5 million Governor's Postsecondary Scholarship Program,

a scaled-back version of one proposed by Democratic Governor Brian Schweitzer, who spoke repeatedly about higher education during his campaign, and who attended a Shared Leadership meeting the day after he was elected last November.

What was his reaction to Shared Leadership? "Wonderful," Schweitzer said. "The governor bought it," he said, referring to himself. So, apparently, did the legislature, which approved not only the scholarship program but a one-time-only increase of \$470,000 for the need-based Montana Higher Education Grant program. Lawmakers also appropriated tens of millions more dollars for higher education construction, maintenance and programs, much of which is earmarked for two-year colleges.

But the money will not reduce the burden on most students when it comes to paying for their education: Education officials are still crunching the numbers, but preliminary figures indicate that the state's share of that cost might also decrease, from 43 percent to 39 percent.

That means Commissioner Stearns is no closer—and in fact may be farther—from her goal of getting Montana to pick up at least half that tab. Where will the money come from? "From a wealthier state," said Stearns. And ultimately, that means getting a larger percentage of students into postsecondary education.

Between 2000 and 2015, Montana's population, which is currently the sixth oldest in the U.S., is projected to grow by 12.5 percent. During roughly the same period, the number of high school graduates is expected to decline by nearly 21 percent. That adds up to a massive shortage of workers, the majority of whom will require some sort of postsecondary education, said David Gibson, who in January left his position as head of the governor's Office of Economic Opportunity to fill the newly created position of associate commissioner of higher education for economic development.

Montana scores pretty well when it comes to high school graduation rates: 95 percent of 18-to-24-year-olds have a high school diploma or equivalent, as do 90 percent of all adults. "But if we don't improve the rate at which we get them into postsecondary education, we are going to suck wind," said Gibson, a Montana native who holds degrees from Harvard and Dartmouth, and is as blunt as his boss is diplomatic.

According to Montana Department of Labor and Industry projections, jobs in the low-paying service sector top the list of future employment openings. But there will also be significant demand for more highly skilled—and higher paid—employees, such as registered nurses, construction managers, carpenters and auto mechanics.

And the state's two-year schools will be key to training them, according to Gibson. "Every high-paying job in the state over time is going to require skills beyond high



Montana Governor Brian Schweitzer is a strong supporter of the new Shared Leadership plan for higher education.

school," he said. "The starting point—the one that resonates the quickest, is increasing the number of people who realize that we need a really strong two-year college system to complement the four-year system."

That notion certainly resonates with the business community, said Webb Brown, president of the Montana Chamber of Commerce, who has been involved with Shared Leadership from the beginning. "We've always felt that the two-year colleges have been the poor stepchild of the university system. And yet what we hear from our members is that's where the focus needs to be put," said Brown. "Manufacturing is screaming for people who just have basic science and math skills. And the healthcare industry—there's a whole lot of folks they need that don't require a four-

In 2003 the Montana Board of Regents instructed the chronically underfunded university system to take a more direct role in the state's economic development.

year degree."

Nearly a third of the state's 980 new annual scholarships that will be created over the next two years specifically target students going into those fields: 100 annual need-based scholarships of \$1,000 each are earmarked for students enrolled in two-year health-sciences programs, and another 220 annual need-based scholarships of \$1,000 each are earmarked for students enrolled in two-year technology programs.

The program also creates 180 more need-based and 255 more merit-based scholarships (one for each of Montana's 185 high schools, and the rest handed out at-large) of \$1,000 each, to be awarded to students enrolled in any two-year pro-

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Montana Commissioner of Higher Education Sheila Stearns hopes Shared Leadership will lead to more state spending on public colleges and universities.

OTHER VOICES



Academic Freedom and National Security

Anti-terrorism measures remain problematic for higher education

By Robert M. O'Neil

THE FOURTH YEAR since the tragedy of September 11, 2001 contained a more complex mixture of good and bad news for academic freedom and higher education than any of the three that preceded it. Hardly any facet of university life and activity was unaffected, ranging from restrictions on research programs, to access of visiting scholars and foreign students, to collaboration with academic colleagues from certain countries, to faculty personnel matters, and beyond. Yet as the year concluded, even a close observer would be hard put to say whether academic freedom had, on balance, come out ahead.

This year will probably be best remembered for the bizarre case of professor Tariq Ramadan, a distinguished Muslim scholar who was about to assume an endowed tenured chair at Notre Dame when he learned that his visa had been revoked. Earlier in the year,

Ramadan had been offered the Henry Luce Professorship in the Joan Kroc Institute at Notre Dame. A Swiss citizen, he received a visa that would allow him not only to travel freely in the U.S. (as he had done on previous occasions) but also to teach at an American university.

His furniture had already been sent to South Bend, and his children enrolled in schools there, when word came that a decree from Homeland Security had caused the State Department to revoke Ramadan's visa. Despite persistent inquiries by the university and the news media, no specific allegation of potential risk to national security was ever provided. Though Ramadan's

grandfather had founded an organization some called terroristic, and he himself had made some enemies in the academic world by speaking harshly both of Israel and of U.S. foreign policy, no acts or threats were cited as the basis for his exclusion.

Indignation about the Ramadan matter was widely expressed within and beyond the academic community. The American Association of University Professors protested, in a letter to the then secretaries of State and Homeland Security, that the visa revocation was anathema to traditions of academic freedom. (AAUP later invited Ramadan to address its June 2005 annual meeting, which he did by video conference.) The *Chicago Tribune* editorialized vigorously on Ramadan's behalf, wryly observing that Notre Dame's Joan Kroc Institute was hardly a place where one would expect to find a dangerous subversive or a potential terrorist. No explanation has yet been offered for the exclusion of this widely respected scholar.

While the past academic year is most notable for the Ramadan case, University of Colorado Ethnic Studies professor Ward Churchill also energized a major test of academic freedom. Excerpts of an essay he had written soon after September 11, 2001 were publicized on the eve of a scheduled winter speech at Hamilton College. Death threats and a highly volatile climate led the college to cancel the lecture, after first trying valiantly to calm the turbulent waters. In the essay, Churchill wrote that "the men who flew the missions against the WTC and Pentagon were not 'cowards'...[They] manifested the courage of their convictions." He also referred in passing to some of the employees of the World Trade Center as "little Eichmanns," even suggesting that some of the victims deserved their fate.

In Colorado, Churchill's home base, Governor Bill Owens demanded that the outspoken professor be dismissed. But the Board of Regents determined that summary dismissal

would be out of the question, and would in fact subject the university and the board to legal liability. Instead, the Boulder campus administration launched a thorough internal investigation. Churchill has resigned his chairmanship of the university's ethnic studies program.

The report, released in late March, established the protected status of the essay, declaring that Churchill's "profoundly offensive, abusive and misguided" statements could not justify his dismissal since they were protected both by the First Amendment and by a professor's academic freedom. But the report also noted that Churchill had been accused of plagiarism by scholars at other universities, that he may have misrepresented certain issues in his writings on Indian fishing rights, and that despite his persistent claims of being a Native American there was "serious doubt about his Indian ancestry."

A third faculty case, largely dormant this past year, has now dramatically resurfaced. Soon after the September 2001 attacks, Palestinian-born computer science professor Sami Al Arian had been suspended, and was later dismissed, by the University of South Florida, where he had taught for two decades. These initial adverse actions seemed to reflect nothing more substantial than concerns from anxious parents, angry alumni and uneasy neighbors after Al Arian had appeared on Fox News' "The O'Reilly Factor," and had confirmed on the air his strongly anti-Israel views.

A few months after his dismissal, Al Arian and several others were indicted on serious charges of materially aiding Palestinian terrorist groups by fundraising in the United States. The trial on these charges began on June 6, 2005, with much media and civil-liberties attention focused on the government's intended use of a decade of wiretapped evidence involving Al Arian and his alleged co-conspirators. The dispute between the professor and the university has been dormant throughout the criminal proceedings, and the outcome of the prosecution may well render this personnel action moot.

Among the cross-currents of this past academic year, there was one very welcome development. Scholars had railed for years at the Treasury Department's ban on many forms of collaboration with colleagues from any of the trade-embargoed nations (Iran, Iraq, Cuba and Sudan, and until sanctions were recently lifted, Libya as well). These restrictions were enforced by the Office of Foreign Assets Control (OFAC), an arm of the Treasury, which had seemed nearly oblivious to the clearly expressed will of Congress that scholarly communications and publications should not be treated like international shipments of arms and drugs for licensing purposes. In the fall of 2004, academic publishers and others filed suit to challenge these restrictive policies, claiming that OFAC persistently violated not only the clear intent of Congress but authors' and publishers' free speech rights as well.

In mid-December, while this suit was pending, the Treasury Department substantially revised the rules, announcing that export licenses would no longer be required for co-authoring or publishing works by scholars from the embargoed nations. This action was greeted with enthusiasm and relief by scholarly journal editors and their authors. Although not all the details were clear, the Treasury had at last recognized what Congress had insisted since 1988—that munitions and manuscripts are profoundly different when it comes to regulating trade with unfriendly foreign nations.

However, in early May the academic community learned that the Commerce Department was contemplating new rules that would require universities to obtain licenses for non-Canadian foreigners before they could work with sensitive research equipment, even if the underlying research is itself exempt from the export licensing requirements (as when the results will be published and widely shared in the scientific world).

Representatives of the research community protested that licensing requirements of this kind could severely hamper laboratory activity. Such draconian policies could also further discourage foreign scholars and graduate students from seeking to study and teach in the U.S.

Diminished access to the U.S. for foreign scholars and graduate students was already a major concern of the academic community. Last fall, the Council of Graduate Schools announced that the number of foreign students enrolled at American campuses had dropped the previous year, for the first time in 32 years, by about 2.4 percent. Early returns in the new academic year confirmed that such declines were almost certain to continue.

These losses, moreover, were not confined either to "sensitive" countries or to technical fields, but extended more broadly across the academic map. Just as this bad news was settling in, Congress blocked an encouraging proposal that would have exempted more foreign students and visitors from having to submit to personal interviews before obtaining a visa for study in the U.S.

In the international arena, the year had in fact begun on an inauspicious note. On the eve of the annual congress of the Latin American Studies Association in Las Vegas, all 61 Cuban scholars who had planned to attend were told they would not be allowed to enter the country since the State Department deemed their presence "detrimental to the interests of the United States."

For months, the U.S. hosts had sought and received informal government assurances that the Cubans would be allowed to enter, and thus expected no problems. Further, some of the planned visitors had earlier been most welcome in the U.S. One had been a visiting scholar at Harvard the previous academic year, after having written his doctoral dissertation on the benefits of direct foreign investment in Cuba. Several of the others, including poets, sociologists, art historians and economists, had lectured and visited freely at American universities without incident.

Yet the news was not all bad for foreign visitors and their hosts. In February of this year

There are other vigorous efforts to narrow the scope of the PATRIOT Act powers and soften its bite.

the State Department took a very positive step by extending the time that many foreign visitors are allowed to remain in the U.S. before they must renew their security clearances. Such clearance is required in “sensitive” fields, a potentially broad category for foreign scholars. Previously such visitors had to renew their security clearances annually, through a process that at last report took an average of sixty-seven days.

Thus the extension of the clearance cycle to up to four years for students, and up to two years for working scientists, promised substantial relief to visitors in sensitive disciplines. In addition, the State Department has in other ways expedited the “Visas Mantis” process for visitors in technical fields—officially touted as proof that, as Homeland Security official Asa Hutchinson said, “the U.S. highly encourages those with great scientific minds to explore studying and working in our country.”

As though to confirm that commitment, in late May the State Department issued new rules making some foreign scholars (mainly exchange visitors) eligible for visas that will not only be valid for five years (in place of the current three) but will permit the visitors to enter and leave the U.S. an unlimited number of times during the five years. Meanwhile, a March report showed a significant reduction in the average waiting time for clearance under the Visas Mantis program.

While it is much too soon to tell whether such measures are adequate to stem the decline in foreign student and visiting scholar access to, and interest in, U.S. study, there are more promising signs in the official U.S. policy and process than at any time since September 2001. We must also bear in mind that the alarming loss of international students reflects other, non-September 11, factors such as more aggressive recruitment by other developed nations and the readier availability at universities in those countries of highly popular curricula.

Finally, there is the persistent presence of the USA PATRIOT Act (Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism). Despite extensive discussion of this legislation, the extent to which the law will be renewed remains uncertain. Members of the relevant Congressional committees receive quarterly reports on all of the PATRIOT Act provisions, but the classified nature of those reports keeps the media and the general public largely in the dark.

The current year is a critical one for the future of the PATRIOT Act. The sixteen provisions of the law that were subject to a “sunset” requirement in the original statute must either be made permanent, or at least extended for another term, or they will automatically expire this fall.

In addition to seeking new life for those sunset-targeted sections, the Bush Administration has proposed a significant expansion of the current information-gathering powers of federal agents,

enabling the FBI to subpoena certain sensitive records without review and approval by either a grand jury or a judge.

Such an extension of the government’s authority seems highly suspect on constitutional grounds. Last October, a federal judge in New York struck down the one provision in the Act that most closely resembles the currently proposed expansion, ruling that it could not be used consistent with the First Amendment rights of those whose records were sought.

Further, in mid-June, a House of Representatives that deadlocked on this issue a year ago decisively blocked (by a 238-187 vote) any funding for subpoenas aimed at library-borrower and book-purchaser records—information that the Business Records section of the Act permits federal agents to obtain through secret court proceedings under the Foreign Intelligence Surveillance Act.

An American Library Association survey of the actual use of the Business Records subpoena power revealed that librarians have received at least 200 such requests since September 2001. (The number of requests is the one item of information that a subpoenaed librarian may disclose under the law, which forbids the recipient from informing anyone of such a demand, most especially the person whose records are involved.)

There are other vigorous efforts to narrow the scope of the PATRIOT Act powers and soften its bite. At least three lawsuits are pending in federal court, aimed chiefly at the Business Records provision. And early this year a new group emerged, devoted not only to preventing the expansion of the Act, but to seeking repeal of three of its most worrisome provisions.

Patriots to Restore Checks and Balances, a diverse coalition that draws support from both political right and left (joining, for example, the ACLU and the American Conservative Union), has targeted the sections of the Act that permit “sneak and peek” searches conducted without a property owner’s knowledge, and the Act’s broad and imprecise definition of “terrorist” that could easily include non-terrorism suspects. Thus any discussion in Congress about expanding or extending the PATRIOT Act’s reach must also reckon with strong opposition.

It seems almost certain that the debate will persist well into the fall and probably winter as well. The outcome both in Congress and in the courts is impossible to predict with any confidence. ♦

Robert M. O’Neil is a professor of law at the University of Virginia School of Law and director of the Thomas Jefferson Center for the Protection of Free Expression.



Reducing the Dangers of Debt

Student loans could be a more positive tool in college access efforts

By Robert Shireman

AN EDUCATION EXPERT recently told me that low-income families who won’t borrow for college “just don’t understand” the concept of investing now for returns in the future. “We need financial literacy, so they can see that the debt is temporary. Over the long run, they’ll be far better off with that college degree,” he said.

While this is a common refrain from the highly educated, the reality is not so simple. The problem is that taking out a loan for college requires a leap of faith that is not entirely justified. Yes, it is true that a college graduate, on average, earns close to a million dollars more over a lifetime than a high school graduate. But there are two trick words in that sentence. First, you have to graduate from college, a feat that barely half of those who start college currently achieve within six years. Second, the high economic returns to education are an average. Actual salaries of college graduates vary enormously because of career and life choices, skills, geography, fluctuations in the economy, and plain old luck.

While it is in our nation’s economic and social interests for more Americans to seek advanced education and training, the incentives and risks faced by individuals are more complicated. Most potential students who see college debt as too risky a gamble are not being short-sighted. They are being careful, a commendable attribute. While they recognize the potential gain is high, they also worry about the cost of failure: Without substantially increased earnings, they may well face repayment burdens that make them worse off than if they had not taken the loans in the first place.

A deep ambivalence

In a recent series of interviews, both students and college officials expressed a deep ambivalence about student loans. Even among financial aid professionals, conflict and confusion are common themes. “It would scare me to death if my daughter were taking out loans,” said Mary Gill, former coordinator of financial aid for California’s community colleges. “I would hate to see her freedom impinged upon right now. It would wrench my gut.”

Despite conventional wisdom, the personal and professional risks of borrowing for college are not limited to low-income college dropouts. Instead, they affect a wide spectrum of American families.

Some of these personal and professional risks are:

- **Disincentives for service careers.** Recent graduates who want to go into teaching, social work, religious service, and other helping professions find that their college debt pushes them in other directions.
- **Delay of marriage, family, and home ownership.** Student loan payments make it more difficult for young adults to afford a home mortgage. Borrowers also report that it has delayed their plans for marriage and children.
- **Reduced ability to save for retirement, and for their own children’s college education.** Increasingly, borrowers are extending student loan repayment across 20 or even 30 years. This reduces their ability to save for their own retirement, and to help pay for their own children’s higher education expenses.

As these issues give pause to parents and students with moderate to high incomes, it is no wonder that those with lower incomes are confused and worried about student loans. There is even confusion among policymakers. “One of the problems is that people who are shaping public policy and allocating funds often view loans and grants on the same level as aid,” said Bridget Burns, a graduate student at Oregon State University and a student member of Oregon’s higher education board. “It doesn’t have the same kind of effect at all. Grants actually give people an incentive to go to school, and loans are a disincentive. That’s a problem when you’re trying to promote access. Loans alone just don’t do the job.”

The cost of not borrowing

Student loans bridge the financial aid gap for millions of students, helping them to enroll, *continued next page*

In mid-June, a House of Representatives that deadlocked on this issue a year ago decisively blocked any funding for subpoenas aimed at library-borrower and book-purchaser records.

Taking out a loan for college requires a leap of faith that is not entirely justified.

from preceding page

complete their initial degrees, and in many cases go on to graduate and professional study. When the fear of debt prevents someone from pursuing or fully engaging in education and training, the costs extend well beyond that individual's life prospects. Missed educational opportunities undermine our nation's economic competitiveness and civic health through reduced productivity and innovation and lower levels of family literacy and community engagement.

For lower income students, affordability—perceived and actual—plays a major role in whether, and where, they go to college. It also affects how they approach their studies and, therefore, how likely they are to graduate. If a young adult sees herself as a student, she is

In a recent series of interviews, both students and college officials expressed a deep ambivalence about student loans.

more likely to persist. It is much more difficult to maintain that self-image if you are enrolled part-time while working, a pattern that is more common for students of modest means. That is one of the reasons why part-time students have higher dropout rates than full-time students. They have less time to study and are less connected to their fellow students and the formal and informal supports that could help them fulfill their academic potential.

Excessive work is also a factor for full-time students. Working while in school can be a positive contribution to achievement and college completion. However, research has found that if work takes up much more than 15 hours a week, it becomes an impediment to academic success. Still, nearly a third of traditional-age, full-time students work more than 20 hours a week on top of their schooling. The lower your income, the more likely you are to be in this group. And here is the kicker for this group of hard-working full-time students: 60 percent of them did not take out a student loan. In other words, 60 percent could have reduced their work burden with a student loan, but chose not to. Should they be congratulated for their commitment? Or should they be pitied because they are more likely to drop out or to graduate with lower grades than they are capable of?

How many talented students turn away from tough majors like science and engineering because the courses do not leave enough time for the work hours required to pay the bills? Financial aid is certainly not the only factor behind these gaps in the quality and intensity of enrollment between lower- and higher-income students. But it is a contributing factor.

The image we like to have of our system is of the hard-working student from a tough background who leaps far beyond his parents' educational and income levels. But this American dream does not come true as often as it should. Set aside all of the students who drop out of high school, and set aside the high school graduates who are not qualified for college—two factors that disproportionately affect low-income families. There is still a large gap in college participation relative to family income.

Among high school graduates who are from higher-income families and are college-qualified, 83 percent enroll in four-year colleges. But among low-income families, only 52 percent enroll in four-year colleges within two years of graduating high school. When two-year colleges are included, the reality is that almost every college-qualified, high-income high school graduate enrolls within two years, while more than one in five qualified low-income students does not go at all.

A better financial aid system

Our nation's progress and economic competitiveness require a more educated populace than we have today. The current federal financial aid system is not designed in a way that will move us forward in enrolling more students in college and helping them to earn their degrees. To make substantial progress, Congress could take two steps: Reduce the dangers associated with student loans, and provide incentives for colleges to enroll and graduate lower-income students.

The first step, making student loans less dangerous, is not difficult to achieve. Both Australia and England have built protections into their financial aid systems, so that borrowers do not face repayment burdens that are excessive given their incomes. This could be implemented in the United States through our income tax system. Indeed, student loan and other college enrollment information is already shared with the Internal Revenue Service because of the existing array of tuition tax credits and a student loan interest deduction. Augmenting or adjusting this system to better assist people with student loans would go a long way to relieving the fears faced by potential students, and the real problems faced by borrowers.

The second step involves creating a more thoughtful and productive connection between federal and state postsecondary policies. While federal policy has long been focused on access for low-income students, states and colleges have become increasingly focused on getting high-income, high-achieving students to attend one institution or another, or to remain in-state. For the country, these bidding wars are unproductive; they spend precious resources in ways that leave us with the same net number of students in college.

To address this problem, the federal government should provide states and postsecondary institutions with matching funds based on the number of low-income students (perhaps measured by Pell Grant enrollment), and the number who earn a degree. The funding should not be based on enrollment or graduation rates. That approach would create incentives for excluding some students from higher education. Funding based on low-income college participation and degree completion—and tied to each individual student—would create all the right incentives:

- States and colleges would have a financial motivation for reaching out to low-income communities for potential students, telling them how to prepare for college, and giving

them advice on paying for it. The more successful the efforts, the more funding the schools and the state qualify for.

- If Pell Grant eligibility is used as the measure of low-income enrollment, institutions would have a stronger incentive to ensure that families have assistance in applying for financial aid. This is particularly important at community colleges, where many students do not know about or fail to apply for the help they are entitled to.
- Colleges would have reason to more closely monitor the retention and completion of students from low-income backgrounds, providing them with more aggressive support and assistance.
- States that improve pre-college academic achievement would benefit from the increased federal funds that come from higher college-going and completion numbers.

The most important outcome is the incentive and signaling effect of tying the funding formula to the enrollment and retention of low-income students. What gets measured, gets done. While the federal funds could be designated for financial aid, it might be best to allow for considerable flexibility so that the laboratory of state policy is able to operate at maximum efficiency.

These two policy shifts are the most important steps that Congress could take to improve college access and success and reduce the fears and burdens of student debt. They would lead to increased enrollment, more intensive participation, higher levels of retention, and, ultimately, more adults with advanced education and training. ♦

Robert Shireman is the executive director of The Institute for College Access and Success: www.ticas.org, and a visiting scholar at the UC Berkeley Center for Studies in Higher Education.



A Race to the Bottom

The nation's school leadership programs are not producing the educational administrators we need

By Arthur Levine

OUR UNIVERSITY-BASED education programs which prepare most of the nation's school principals and superintendents are unable to produce the leaders we need. Not only does the nation require better prepared principals and superintendents to help lead schools and districts to raise student achievement to meet new federal requirements under the No Child Left Behind Act, the United States will need to replace more than 40 percent of principals, and an even higher percentage of superintendents, who are expected to leave their jobs over the next decade.

How well prepared are the nation's school leadership programs to produce the increased number of outstanding leaders we need for the future? While there are a few strong programs, most range from inadequate to appalling. These programs confer master's degrees on students who demonstrate anything but mastery. They award doctorates that are doctoral in name only. Many of these programs are engaged in a counterproductive "race to the bottom." In an effort to boost enrollments and rake in more revenue, they are lowering admission standards, watering down coursework, and offering faster and less demanding degrees.

This downward trend is exacerbated by states and school districts that reward teachers for taking courses in administration whether or not the material is relevant to their work, and whether or not those courses are rigorous. Degrees from leadership preparation programs too often are glorified "green stamps," which are traded in for raises by teachers who have no intention of becoming administrators. Further, many universities treat leadership education programs as "cash cows," using them to bring in revenue for other parts of the campus and denying them the resources that might enable them to improve.

Just six percent of all education faculty have been principals, and only two percent have been superintendents.

Credit dispensers

Too often these new programs have turned out to be little more than graduate credit dispensers. A school librarian was baffled by how a teacher can simply collect 20 or more units

a semester to earn a doctoral degree. “A few years of weekend and summer study at one local university is a comparatively easy way to obtain a Ph.D. in education here, unlike the rigorous years of training required in other fields, such as physics or law.”

A retired school superintendent told me he quit lecturing at university-based leadership programs because the quality of the programs was so poor. One superintendent wrote: “Anyone with the money and patience to go through the course work can earn an administrative credential or advanced degrees. We need a screening process other than the academic testing done now for graduate schools.”

That is a far better summation of my own report (“Educating School Leaders,” which was recently released by the Education Schools Project) than I wrote myself.

Training should be specific to the type of district one aspires to work in. Training for a small district, under about 7,000 to 8,000, should be different in some ways from that of a large district.

Universities foster the idea that the pathway to the superintendency should be through the doctorate. Anyone who had a good undergraduate and master’s program can review literature and has the ability to do analysis, think critically and write. We need a way to assess superintendents’ ongoing review of educational literature and research—perhaps peer review—and a way that superintendents can have ongoing professional dialogue with researchers, writers and colleagues.

Falling short on all criteria

The Education Schools Project evaluated leadership-education programs using nine criteria, and found that in most cases programs fell short. The problems were the following:

- **An irrelevant curriculum.** The typical course of study amounts to little more than a grab bag of survey classes—such as Historical and Philosophical Foundations of Education, Educational Psychology, and Research Methods—taught elsewhere in the education school with little relevance to the job of school leader. Almost nine out of ten (89 percent) of program alumni surveyed said that schools of education fail to adequately prepare their graduates to cope with classroom realities.
- **Low admission and graduation standards.** Education school faculty give students in leadership programs their lowest ranking on academic motivation and performance. The standardized test scores of prospective students are not only among the lowest in education related fields but are among the lowest in all academe. Elementary and secondary level teaching applicants outscore them on all three sections of the Graduate Record Examination (GRE), and while they score at the national average on the analytic portion of the GRE, their scores trail the national average by 46 points on the verbal portion of the exam and by 81 points on the quantitative section.
- **Weak faculty.** Programs in educational administration depend too heavily on adjunct professors, most of whom lack expertise in the academic content they are supposed to teach. Their dominant mode of instruction is providing personal anecdotes from their careers as school administrators. At the same time, programs employ too many full-time professors who have had little, if any, recent experience as practicing school administrators—just six percent of all education faculty have been principals, and only two percent have been superintendents.
- **Inadequate clinical instruction.** Although many aspiring administrators say they want opportunities to connect university study with practical experience in the schools, meaningful clinical instruction is rare. It tends to be squeezed in while students work full-time, and assignments tend to be completed in the schools where students are employed already, so they are not exposed to diverse leadership styles, and the leaders with whom they are paired may be less than exemplary. Moreover, few leadership programs help set up mentoring relationships for students. Most full-time professors are unable to serve as, or effectively supervise, mentors.
- **Inappropriate degrees.** There are too many degrees and certificates in educational administration, and they mean different things in different places. The doctor of education degree (Ed.D.) is reserved by some institutions for practitioners, but others award it to academics and researchers as well. The Ph.D. tends to be thought of as a degree for scholars, but some institutions award it to practitioners. Some universities award only one of the degrees, some offer both, and others offer an entirely different degree. Further, aspiring principals and superintendents too often work toward a scholarly degree—the doctorate—which has no relevance to their jobs.
- **Poor research.** Educational administration is overwhelmingly engaged in non-empirical research that is disconnected from practice. Currently, research in educational administration cannot answer questions as basic as whether school leadership programs have any impact on student achievement in the schools that the graduates of these programs lead.

Changing incentives and degree offerings

While it is tempting to call for reforms solely of the education schools and their leadership programs, there can be few meaningful improvements in the preparation of educational administrators unless states, school districts and universities change as well. Improving conditions at the nation’s school leadership programs requires concerted action by education schools and their leadership programs, the universities that house them, and school districts and states.

Eliminate the incentives that favor low-quality programs

States and districts must find alternatives to salary scales that grant raises merely for accumulating credits and degrees. The most desirable alternative would be to tie raises to

attaining the specific skills and knowledge that administrators need to do their jobs. This would shift the focus from simply acquiring credits to learning and then demonstrating—on the job and through examinations—the skills that are necessary for leading schools and promoting student achievement.

A short-term measure would be for school systems to stop rewarding educators for earning credits that aren’t relevant to their work. For example, raises might be given to teachers for degrees and credits that deepen, expand or update their teaching skills and knowledge. In contrast, teacher salary incentives for taking educational leadership classes would be granted only when the teacher assumed an administrative position.

Universities must champion high standards for education schools and leadership programs by embracing financial practices that strengthen those programs. Currently, many university administrators use revenues from educational leadership programs to fund other university programs. Not only does this practice demonstrate their low regard for the field and its educational mission, but it gives tacit approval for those programs to remain marginal in status and poor in quality.

Set and enforce minimum standards of quality

Weak programs should be closed. Most programs visited in the course of this research were of poor quality. Some can be improved substantially; many cannot and should be closed. It is the responsibility of leadership programs and education schools, their home universities, and the states to ensure that all programs achieve minimum acceptable standards on criteria that are laid out in the Education Schools Project report. If leadership programs and education schools fail to act, then universities must step in. If universities do not carry out this assignment, then the states have the responsibility to do so.

Redesign educational leadership programs

The program for aspirants to school leadership positions should be the educational equivalent of an M.B.A., the traditional two-year master of business administration degree. It might be called an M.E.A., master of educational administration, consisting of both basic courses in management (e.g. finance, human resources, organizational leadership and change, educational technology, leading in turbulent times, entrepreneurship, and negotiation) and education (e.g. school leadership, child development, instructional design, assessment, faculty development, school law and policy, school budgeting, and politics and governance). The faculty would consist of academics and practitioners of high quality; the

There are too many degrees and certificates in educational administration, and they mean different things in different places.

curriculum would blend the practical and theoretical, clinical with classroom experiences; and teaching would make extensive use of active learning pedagogies such as mentoring, case studies, and simulations.

The M.E.A. should become the terminal degree needed by an administrator to rise through the ranks. Subsequent professional development would come in the form of short-term programs geared to an administrator’s career stage, the needs of his or her school or school system, and developments in the field. These programs would be targeted at specific issues and needs and would award certificates rather than degrees. For instance, rather than enrolling in a traditional doctoral program, a school administrator hoping to move from principal to superintendent might sign up for a nine-month program combining classroom instruction and an apprenticeship, followed by mentoring once on the job.

The Ed.D. in school leadership should be eliminated. Today, it is a watered-down degree that diminishes the field of educational administration and provides a back door for weak education schools to gain doctoral-granting authority. An Ed.D. is unnecessary for any job in school administration and creates a meaningless and burdensome obstacle to people who want to enter senior levels of school leadership. It encourages school districts to expect superintendent candidates to have doctorates, and it leads affluent public schools to hire principals with “Dr.” in front of their names.

The Ph.D. in school leadership should be reserved for preparing researchers. The ambiguity in the meaning of the Ph.D., currently awarded both to practitioners and scholars, should be eliminated by redefining this doctorate as a rigorous research degree reserved for the very small number of students planning on careers as scholars of school leadership. By and large, only schools of education at the nation’s most research-oriented universities have the faculty resources needed to offer an adequate doctorate. Only these schools should grant Ph.D.s in educational administration.

Initial momentum

These recommendations are not only necessary; they are doable, and many states are already taking steps to act upon them. Louisiana is probably making the most far-reaching effort to reevaluate its leadership programs and its preparation of school leaders. All 16 Southern Regional Education Board states are seeking ways to improve the quality of their school leadership programs.

The clock is ticking, and I urge more states to take action. It would be a grave disservice to our children and schools if the problems of the field remain unaddressed. ♦

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VIRGINIA

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optimism in several years at the state's colleges and universities.

"The script is a happy one so far," said Timothy X. Sullivan, president of the College of William and Mary. "We have the chance of creating an environment that is predictable and controllable. That alone represents a real break from the past."

All acknowledge that the change was born out of desperation. By spring 2004, the accumulated campus deficits had grown so dire that three of the state's leading institutions proposed to dismantle their relationship with the state, replacing it with a charter status. The schools—the University of Virginia, Virginia Tech, and William and Mary—offered to accept a

The new structure uses a teeter-totter formula for balancing state funding and tuition hikes. As one element goes up, the other goes down.

cut in financial support from the state in exchange for their freedom to raise tuition and conduct their own affairs.

That plan did not fly in the legislature,



Virginia Governor Mark Warner hopes higher education restructuring will cause campuses to consider state manpower needs.

but, with the support of Warner, it soon morphed into the restructuring of the traditional relationship that was signed into law in April. Under the new structure, some campuses will operate as de facto contractors with the state. They will negotiate management agreements, or contracts, that will grant them widespread autonomy, including the right to set tuition and fees and to carry out campus opera-

tions without interference from state agencies. In return, the campuses will be held accountable for meeting a series of state-imposed goals.

But here in Virginia no one is celebrating yet. The arrangement is so complex—the legislation alone consumes 50 single-space pages—that few pretend to know exactly how it will play out. The true impact of the change, college officials say,

will be known only after the management agreements have been put into practice and survive the political currents in Richmond.

In a nutshell, the management agreements will spell out the rights and responsibilities for college administrations in virtually every aspect of campus operations, from new construction and personnel to tuition increases and course offerings. The agreements will be drafted by individual campuses and then sent to Warner's office for a round of negotiations with the state.

"Now the hard work begins," Warner said on a recent afternoon in his office. "We have constructed these worthy goals for both sides, things like access to higher ed, and focusing on more research. The question is, can we translate these goals into a working arrangement that gets us where we want to go? I'm an optimist and I believe we can, but it's going to take patience and good will on both sides."

Asked about potential sticking points in the negotiations over management agreements, Warner paused and then offered a hypothetical example. "Say the state needs more teachers and more engineers, and say a university campus comes to us with a proposed agreement that puts heavy emphasis on literature or the humanities, and less on the development of teachers and engineers. At that point we will say, 'Hold it, that's not part of the deal. You need to re-work your plan to reflect the state's needs.'"

Exactly how campuses such as UVA or

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grams. Each of Montana's 185 high schools will also receive \$1,000 scholarships for students enrolled in four-year programs. In addition, 40 \$2,000 merit-based scholarships for students in four-year programs will be handed out at large.

But the system's two-year schools are bursting at the seams. In the past decade, enrollment has increased by about 50 percent. Without more money, the schools would not be able to take on a larger role.

Several bills passed this legislative session should help. A bonding bill provides \$27.5 million in building funds for overcrowded two-year schools to expand. And the general appropriations bill provides \$3 million over the next biennium to replace and upgrade equipment for two-year programs, and an additional \$1.4 million to develop two-year programs. (It also provides \$300,000 to each of the state's three community colleges that are not owned by the state university system.) Another \$300,000 has been allocated for distance learning.

That is not nearly enough to address all the needs, said Gibson, but it's a start. Now the task is for the university system to train some new workers, and it must do so before the legislature convenes again in 2007. "We have to have people stand up in the next legislative session and say we solved problems, or we have no prayer of getting more money," said Gibson.

The presidents of both major state universities support that approach.

"I believe the state of Montana has

under-invested in two-year education," said Montana State President Geoffrey Gamble, before adding, "That doesn't mean they've fully invested in four-year (education)."

University of Montana President George Dennison agreed. "We didn't get to this position in higher education overnight," said Dennison, who, in nearly 15 years as president, has struggled repeatedly with funding issues. "To turn it around is going to take a lot of hard work, discussion and success...I think this is a great opportunity, and if we miss it, it's our fault."

In other words, the pressure is on.

"When we start talking about liberal arts, I do lose my enthusiasm for increased funding, because I don't think that those types of studies are particularly relevant to the needs of our students and the state," said Republican state Senator Greg Barkus, one of four legislators who served on the interim legislative committee focused on Shared Leadership. But, he said, "If the university system demonstrates that their programs and the system itself is more relevant to Montana, I think they should get more money."

Other lawmakers, though, said that the new emphasis on workforce training and economic development raises concerns. "It makes sense to try to make Montana's educational system attractive to industry," said Democratic state Senator Don Ryan, who served alongside Barkus on the interim committee. But at the same time, he said, "Our university system shouldn't just become a jobs program." He added, "Learning to reason and think—that's what provides for a civilized society."

Commissioner Stearns and Associate Commissioner Gibson said they have no intention of abandoning the core mission of the university system. But, said Gibson, "If you think you're going to grow your economy and provide the workers you need with only a four-year system, your head is buried in the sand. A university system must have a great four-year system and a great two-year system—the two go hand in hand."

Achieving that might be a challenge, in part due to the state's bitter partisan politics.

Shared Leadership was designed to be bipartisan, but some Democrats see these as code words for the previous Republican-dominated administration, under

Over the past 12 years, the Montana legislature steadily reduced state support for higher education relative to its cost.

which it began, said Stearns. Republicans, meanwhile, tabled a senate resolution in support of Shared Leadership after Democrats introduced amendments singling out Democratic Governor Schweitzer for credit.

Earlier in the session, Schweitzer had incurred the wrath of Republicans when he opposed the confirmation of two regents appointed by his Republican pre-

decessor, Judy Martz. Schweitzer said he objected to seating Mike Foster, a former aide to Martz, and student Kala French, not because of their politics but because they were registered lobbyists, which he said violated ethical standards. Both nominees subsequently resigned their lobbying posts and were confirmed by the state senate, but not before Schweitzer was publicly blasted by regents chair John Mercer.

Despite these political wranglings, David Gibson said he plans to keep the legislature involved, and that he and Stearns will continue to pursue the long list of goals established during the Shared Leadership process: identifying and targeting the state's most critical program and equipment needs; solving workforce shortages; expanding an advertising campaign for the state's two-year programs; overseeing the systemwide standardization of two-year programs; creating a systemwide position to begin coordinating aspects of distance learning; and developing a sustained communications and outreach campaign and a statewide initiative to encourage businesses, private organizations and individuals to mentor Montana students.

Commissioner Stearns is doggedly optimistic about their chances of success. In the near future, she said, she believes that the state's higher education system could, and should, be a national role model. "In 2010 and 2020," Stearns predicted, "people will open their eyes and say, 'What began to happen in Montana?'" ♦

Kathy Witkowsky is a freelance reporter in Missoula, Montana, and a frequent contributor to National Public Radio.

William and Mary would react to such directives remains to be seen. But most college administrators seem guardedly optimistic that the agreements will leave them better off than before.

"Things are not going to change instantaneously," said Leonard Sandridge, executive vice president at the University of Virginia. "This is an agreement to develop a joint plan with the state, and the benefits will come with time. We have every intention of looking back over the next decade and saying, yes, the [restructuring] was smart, and it improved the system of higher education in Virginia."

The changes will be slow in coming

In spring 2004, three of the state's leading institutions offered to accept a cut in financial support from the state in exchange for their freedom to raise tuition and conduct their own affairs.

because the new structure alters the management of the campuses, and alters *who* will have ultimate management authority, but does not directly address the underlying cause of the preceding decade's trauma: the paucity of dollars coming from Richmond.

"Nothing in the legislation changes the amount of state funding for higher education," said John Bennett, the state's finance secretary. "When the legislation was proposed, the argument made by the universities was that state funding was completely unreliable from year to year. They were right. So this legislation, among other things, is an attempt to make the funding more reliable, not necessarily to increase the amount."

The new structure seeks to accomplish that goal by using a teeter-totter formula for balancing state funding and tuition hikes. As one element goes up, the other

goes down.

For example, each campus is required to submit to the state detailed financial projections over a six-year period, estimating tuition hikes under a variety of scenarios. Under a "good" scenario of increased state funding, a particular institution might commit itself to tuition increases in the range of eight to ten percent. Under a "bad" scenario of reduced funding, tuition would rise more sharply to make up the difference.

While that tradeoff might make common sense, it is a tradeoff that was denied Virginia's institutions through most of the '90s. On more than one occasion, the legislature reduced state funding and simultaneously froze tuition.

"We think the agreements will make transparent the relationship between state funding and tuition increases, and that's good," said William and Mary's Timothy Sullivan. "In Virginia, the real question should not be, 'How high is tuition?' but 'Why is tuition as high as it is?' With the agreements in place, the answer to that second question should become clear."

The political momentum for restructuring grew out of an unusual coalition of Republican legislators and Democratic Governor Warner that supported the notion of a thriving higher education system. This coalition also worked together in 2004 to pass a \$1.3 billion tax increase that was aimed, in large part, at restoring some of the lost funding for Virginia's public colleges and universities.

"It may sound hard to believe, but politics never entered the picture in the discussions about higher education," said John H. Chichester, a leading Republican in the state Senate. "We started talking with the Governor two years ago about the state of higher education which, at the time, was very rocky. Both sides wanted to improve things and sometimes we had different issues, but it never became a Republican-Democratic thing."

No one knows, however, whether the coalition will hold in the future. Warner is scheduled to leave office early next year, and the political chemistry in the capital could change under a new administration.

"The extent to which other governors will feel bound by the deal is unknown,"

said David Breneman, dean of the Curry School of Education at the University of Virginia. "Already, one of the candidates running to succeed Warner has said that he believes tuition should not rise faster than the CPI (Consumer Price Index). That is not exactly encouraging."

On the other hand, some college administrators argue that the existence of the signed management agreements will make the deal difficult to violate. For that reason, the universities and the governor's office are working to get the first management agreements approved this December, before Warner leaves office.

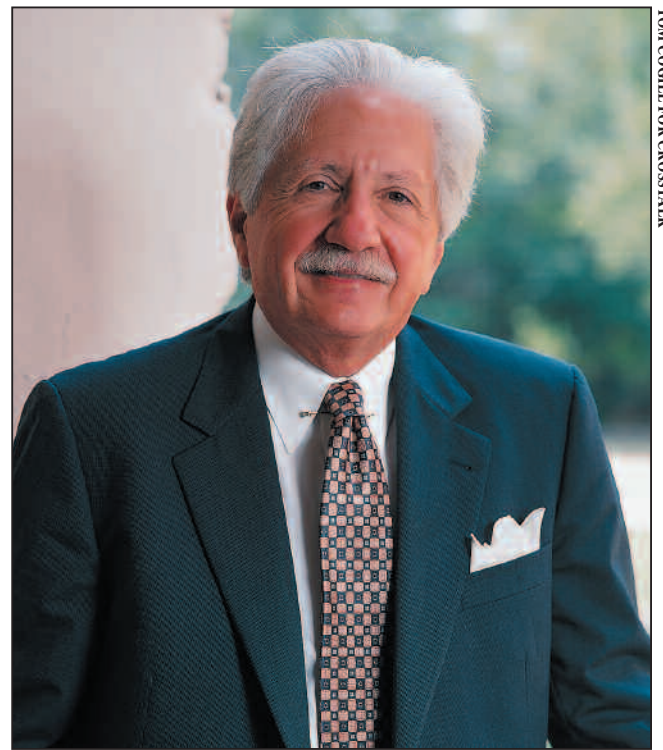
The tuition/state funding tradeoff is only part of the structural change, however. The other major component involves a turnover of operational authority from the state to campus administrations. Once a management agreement is approved for a particular campus, college officials will assume control over areas such as construction, purchasing and personnel.

This part of the deal, in fact, was central to the coalition between Warner, a former tech tycoon, and the Republican leadership in the legislature. "You had a Democratic governor who wanted the institutions to be more entrepreneurial," said Peter Blake, the state deputy education secretary for higher education. "And you had a legislature concerned about unnecessary bureaucracy and local autonomy. It all made for an interesting constellation of political interests and motivations, and resulted in widespread support."

Campus administrators also delight at the idea of controlling their operations. Many have war stories about their bureaucratic fights with Richmond. One describes sending staffers on the long drive to Richmond every two weeks to pick up payroll checks because the state would not allow the institutions to process payroll checks themselves. Another recalls weary negotiations with a state agency over how many windows would be allowed in a new building.

The autonomy moves will also save money, but most agree that the amounts will be modest. "When you get the state government involved in every decision, it slows things down and adds costs. You will achieve greater efficiency by turning a job over to campus administrators," remarked Finance Secretary Bennett. "At the same time, the universities will create bureaucracies to handle the jobs that were being done in Richmond. The real dollar savings is probably not great."

For all the hoopla surrounding restructuring, however, the benefits will not be extended evenly across Virginia's institutions. The greatest autonomies will be



William and Mary President Timothy X. Sullivan supports the restructuring plan but would have preferred "charter" status for his college.

extended to UVA, Virginia Tech, and William and Mary—the state's acknowledged "Top Three."

The plan's structure, in fact, almost guarantees that outcome. It creates three levels of participation, and Levels I and II entitle schools only to limited autonomies and do not require management agreements.

To qualify for a Level III application, a campus must demonstrate broad compe-

Most college administrators seem guardedly optimistic that the new management agreements with the state will leave them better off than before.

tence in managing campus operations or carry an AA-bond rating. Only then will it be allowed to develop a management agreement.

At present, only the top three meet those qualifications, so other institutions must settle for levels I or II. This situation contains some ironies. Campuses such as George Mason University in northern Virginia and Virginia Commonwealth University in Richmond now educate far more students than any of the top three and have become substantial institutions in their own right.

Virginia Commonwealth, for example, sprawls over a large part of downtown Richmond with 29,000 students in 15 schools and one college. It operates one of the largest medical research centers in the state, attracted \$185 million in sponsored research programs in 2004, and is the largest employer in Richmond.

But a crucial difference exists between VCU and its much older counterpart,

continued next page

State Goals

Under Virginia's restructuring plan, state colleges and universities will be required to work toward meeting 11 state goals in return for greater campus autonomy. Here are the eleven goals:

- Provide access to higher education for all citizens of Virginia, including underrepresented populations.
- Ensure that higher education remains affordable regardless of family income.
- Offer a curriculum that addresses Virginia's needs for sufficient graduates in particular shortage areas.
- Maintain high academic standards.
- Improve student retention and raise graduation rates.
- Allow smooth transition for students moving from two-year to four-year institutions.
- Stimulate economic development of Virginia.
- Increase externally funded research and facilitate technology transfers.
- Aid elementary and secondary schools to improve student achievement.
- Prepare six-year financial plans for submission to the state.
- Increase campus management efficiency and economy.

from preceding page

UVA. Virginia's flagship university has an endowment in excess of \$2 billion, which contributed \$83 million last year to campus operations.

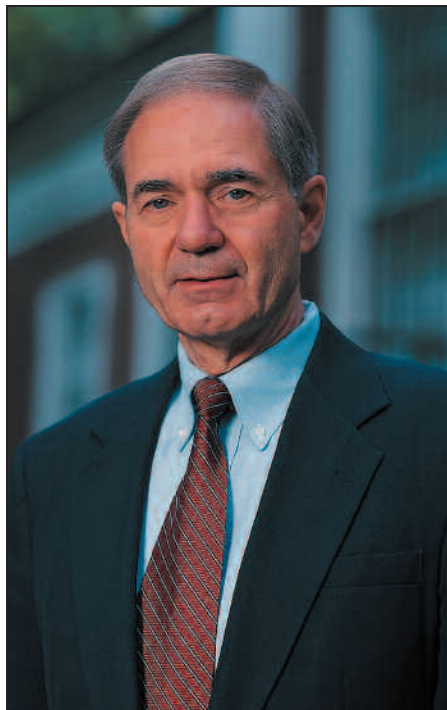
Further, it can easily attract out-of-state students willing to pay \$35,000 a year for a UVA degree, and it could also raise in-state tuition substantially and have no difficulty filling its classrooms. In short, UVA has financial clout, or what is known in Virginia higher education circles as "market potential." And market potential is a major factor in earning a high bond rating.

Virginia Commonwealth University, on the other hand, has little in the way of endowment, and, with many of its students coming from lower-income families, has limited capacity to raise tuition. It lacks market potential, and President Eugene Trani says the university will forego a Level III application. "I want all the operational flexibility I can get (from the restructuring)," said Trani. "But the truth is that operational flexibility pales in importance to other issues at VCU." Those other issues can be boiled down to scrambling for more funding from the state.

During Warner's tenure the state began employing a conceptual figure for each institution known as "base adequacy." Essentially, base adequacy is a dollar figure that the state calculates will be needed to operate a campus over a fiscal year. Pursuing base adequacy has become the Holy Grail for schools like VCU because they have few other sources of income.

"When I see the governor I don't talk so much about restructuring," says Trani. "I say, 'Governor, what about our base adequacy?' Over and over again, I talk about base adequacy. For us, it's far more important than restructuring."

In one sense, then, the restructuring legislation has divided Virginia's public campuses into two groups: At the top sit UVA, Virginia Tech and William and Mary, who are pursuing Level III status in the hope they can make maximum use of their "market potential." Below them are the remaining campuses, without market



The University of Virginia's Leonard Sandridge believes the benefits of the agreement "will come with time."

potential or Level III status, who will be left scrambling for base adequacy funding.

"In Virginia, there are no statewide bodies like you have in California with the Board of Regents," commented one state official. "So when it comes to making a deal with the state, each campus operates on its own. Those with the most moxie usually win, and that's been the case with restructuring."

Even for the top three, the value of the restructuring prize remains in doubt. When the top three universities first proposed their charter initiative, for example, they never envisioned an eventual outcome that would obligate them to meeting a host of state goals in return for gaining control over tuition and management. But that's what they got.

Amy Sebring, higher education analyst for the Senate Finance Committee, said the idea of imposing goals on the universities grew out of concerns that the public needed to be well-served by any structural change. "As the conversation moved on," she said, "legislators and the governor's office began asking the questions, 'What does the state get out of this? How does this process translate into improved education opportunities?'"

Numbering eleven in all, the state goals range widely from increasing enrollment of lower-income students to stimulating economic development and raising graduation rates. (See sidebar on page 15.)

Meeting the goals could leave the universities in something of a sweat. The State Council of Higher Education for Virginia (SCHEV) will first develop "metrics" to measure progress toward the goals, and the universities will be required to show how they will satisfy those metrics in their management agreements and various other documents.

SCHEV will then employ a "gap analysis" to determine whether the plans will, in fact, achieve the goals. If a gap is detected between the plans and the goals, the schools will be required to upgrade their proposals.

Even after the management agreements are approved, the goals will continue to haunt the universities. Each year, SCHEV will review the performance of each campus, measuring their success. If a campus is found to be lacking, its agreement can be revoked.

At UVA, the pressure already is being felt. Goal number nine—"Work actively with elementary and secondary school administrators...to improve student achievement"—resulted in the Curry School of Education receiving marching orders from the UVA administration to seek out and improve a local school. The school was located, and two education professors are now working halftime on the project.

Breneman, the school's dean, views the scrambling with some amusement. "In the effort to get themselves deregulated, the schools may have breathed new life into SCHEV and got themselves re-regulated," he said. "The fact is, every campus is fumbling in the dark with this thing. No one knows how it will turn out."

Warner, whose office had a major hand in developing the goals, predicts the out-

come will be good for the schools and for the state. In some areas, he said, the universities have proved themselves sorely lacking, and making them accountable will give the state some powerful leverage.

"Take the area of fostering the careers of women and minorities," he said. "Universities have been some of the worst performers in the state in this regard. That may surprise people, but university systems tend to be run by old boy networks. I think we're going to see that change as this process moves along. The universities will get their freedom, and the state will get what it needs also."

Campus administrations will also have to tread delicately when it comes to exercising their hard-won authority over tuition and fees. While the new legislation explicitly confers control over tuition to the campuses, it is universally recognized that the General Assembly could snatch it back at any time.

"The schools got the authority, but I wouldn't characterize that authority as unchallenged," said Finance Secretary Bennett. "In effect, the General Assembly was saying, 'Yeah, you've got the right to do 25 percent (in tuition hikes), but if you do 25 percent, we will come back and slap you around.'"

College administrators largely agree with this assessment. Grabbing control over tuition proved to be a popular political gambit by governors and the legislature during the '90s, and there is nothing to prevent it from being employed again.

But, administrators say, tuition hikes in the foreseeable future will probably run only two to three percent above the inflation rate and thus will be unlikely to attract the ire of politicians. At UVA, tuition increases were projected in the eight to ten percent range last spring, on the assumption that the state carries through on its funding goals. Projections at other schools were somewhat lower.

Given all the uncertainties, was the two-year effort over restructuring worth it? Most university officials, especially those in the top three, appear to believe it was—with caveats.

"We would have preferred to end up where we started (with charter status)," said Sullivan at William and Mary. "What we eventually got was a framework to work out these management agreements that may offer us the chance to plan ahead several years at a time. That would be a huge advantage over the last decade, which left us with zero predictability."

At UVA, Vice President Sandridge noted that the university hospital was granted widespread autonomy in 1996 under a similar restructuring arrangement. That effort has proved very successful, he said, and he expects the same experience this time.



"Nothing in the legislation changes the amount of state funding for higher education," says John Bennett, Virginia's finance secretary.

"It is quite clear that the state always has the authority to overrule their agreement with us. We acknowledge that," said Sandridge. "But it is my experience in Virginia that parties usually operate in good faith. So we are going into this with the expectation that we can work out a reasonable financial plan with the Commonwealth and that we will be able to make decisions at UVA, to operate the campus, and to set tuition consistent with that plan."

The true outcome of the restructuring plan likely will be revealed in stages. By this December, the Level III management agreements are scheduled to be approved and, at that point, the institutions will know exactly what authorities they have gotten from the state and what they have

A \$1.3 billion tax increase in 2004 was aimed, in large part, at restoring some of the lost funding for Virginia's public colleges and universities.

given up. The agreements will be put into practice next July, and the performance of individual campuses will be reviewed by SCHEV the following year.

"It's a case where the final product is never really the final product," said state Senator Chichester. "We will take small steps, see if they work, and then take more steps. And a real judgment as to whether we have succeeded is probably some time away." ♦

Robert A. Jones is a former reporter and columnist for the Los Angeles Times.