

9/15/09 – First meeting of the research seminar
Financial Futures for UC
Tuesdays 3:30 – 5:00 in 468 Birge Hall, Berkeley campus

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Organization

Thanks to the Department of Physics for its hospitality in providing the space for this seminar. This is open to all faculty and students, without prerequisites and without any formal status. There is no fixed syllabus; this is completely experimental. If any student wants course credit, that should be arranged with some faculty member as independent study.

My own style in this seminar is to invite interruptions, questions, challenges at any time. This should not be a lecture but a wide open discussion – within limits, of course. I will also be inviting you to suggest topics that you would like to have us look into, dig into more deeply. We may invite some other people to come and talk to us, to debate before us; and some members of this seminar may want to go off on investigations of their own, about which they might report back to the group.

I will try to keep a collection of papers for this seminar posted on my web site <http://socrates.berkeley.edu/~schwartz> under the heading of Seminar. It would be nice if some one or two people in the seminar would keep notes of what we discuss here; those could be added to the web site and, if we are successful in creating some new and useful ideas and analyses here, those notes would be important in some later publication.

General Background

For some years the level of state support for UC (as with much of public higher education throughout the country) has been lagging at best and often decreasing. This year is particularly bad. For some time one has heard grumblings at the Board of Regents about what this trend portends for the future of this, the world's greatest public research university. The new mantra at the top is "the old funding model is broken." And now the regents have formed a new UC Commission on the Future, which is supposed to come up with a new financial model over the next six months.

I conceived of this seminar as an alternative effort – and we can talk more later about why that might be needed and how it might actually contribute. Our work here is academic in the sense that we hope to use intellectual skills to ask sharp questions and seek meaningful answers. But we are also dealing with institutions and issues embedded in a big political environment; and we should not shrink from discussing those "non-academic" aspects of the problem.

Experts?

UC officials repeatedly voice their three top goals for the University as: Quality, Access and Affordability. However, if one listens closely, there are hints, or outright statements,

that if not all of those can be maintained, Quality is #1. The word Privatization is heard more and more commonly. So, let's start by understanding something of what that means.

Public and Private Research Universities

Name some of each type

How are they similar? How do they differ?

The faculty: very similar in work and funding

Graduate students: very similar in work and funding

Undergraduate students: their numbers are very different and the philosophy is completely different. Admission in both is according to some measures of academic attainment and promise; but the privates are **exclusive** while the publics are **inclusive**. The key word here is ACCESS.

Comments?

Where the Debate is Now

I have posted a recent (8/7/09) paper by Stan Glantz, who is a Professor at UCSF and former Chair of the Academic Senate's Committee on Planning and Budget. He gives an interesting analysis of how we got here and ends with a summary of three possible outcomes for the future of UC.

1. **The status quo:** There are continuing declines in quality with continuing rapid fee increases that are not adequate to replace state funds that have been cut because of the view that higher education should be a private not a public good. This situation will probably result in a fracturing of the UC system into a few high quality (and probably more expensive) campuses with a strong research base with the others coming to represent CSU. Except for a few centers that attract substantial private funding, high quality faculty and students will abandon the system. This is probably the worst outcome.
2. **Privatization while maintaining quality:** Priority is given to providing a quality educational experience for substantially fewer students that UC (and CSU) can afford to educate while maintaining the system as a whole. Implementing this model would require substantial reductions in enrollment (probably around 30%) tied with very large fee increases.
3. **Reinstatement of California's historic commitment to the Master Plan:** Such an option should be framed as restoring UC, CSU and the community colleges to levels of funding per student that were available in 2001 at the same real fees students and their families paid in 2001, the last year that the systems were in reasonable health financially and in terms of quality (see Futures Report). Doing so would only cost \$2.7 billion,⁸ which is only a few percent of the state budget and only about half the forgone revenues due to cutting the Vehicle License Fee.⁹ It is not impossible to obtain these funds (despite such assumptions by the Regents and UC leadership), but it would require a change in fiscal

(and probably tax) policy by the state, which would represent a major shift away from the current ideological positions.

Option #1, The Status Quo and the steady decline of UC as a leading research university, is what nobody wants, but what most people expect if no major changes are made.

Option #3, a return to the old ways of generous state funding for higher education, as “promised” in the Master Plan, is what everyone wishes for.

Option #2, some accelerated version of Privatization, is what seems most likely on the table, as the people in charge of UC see little chance of realizing Option #3 and want most to avoid Option #1.

Maybe we can, at some stage in this seminar, have people come in who will advocate strongly, for and against, Option #2 and Option #3.

Let me give my own view of where we are now.

Option #3 is ideal but difficult to achieve, but certainly worth a major effort to try. However, it will not happen very soon. The Regents have set up a timetable, which expects some major proposals from the Commission by next spring, and they will act on them promptly. They will say that they are all in favor of Option #3, but they must act quickly to prevent the loss of top faculty from UC. So they will go with some version of Option #2.

[Read some “Selected Quotes” from the July Regents’ meeting to support this view of how the UC leadership is thinking.]

President Yudof has announced plans for the 2010-2011 UC budget that pushes us farther down that path of privatization: increased student fees (up by 32% next year), differential fees, more nonresident undergraduates (paying super fees).

Option #2 carries great dangers in that steps toward privatization may lead to a very “slippery slope.” (describe some scenarios.) The loss of the “Public” character of UC, the loss of Access (and diversity) may accelerate and be irreversible.

Therefore, one should seek substantial alternatives: that is the purpose of this Seminar.

Discussion.

For next week: Please read the prepared powerpoint, “Financing the Research University,” which is posted on the seminar’s web site for that day’s meeting and come prepared to discuss those ideas.