Tennessee’s Bid for National Academic Prominence

“Blue ribbon” study group faces a formidable task

By William Doyle and William Trombley

TENNESSEE GOVERNOR DON SUNQUIST appointed a “Council for Excellence” to solve a political problem and to improve the state’s public higher education systems.

The Council for Excellence in Higher Education is charged with nothing less than moving Tennessee onto the “short list” of states with high-quality public higher education systems.

Excellence in Higher Education. It includes prominent business executives, civic leaders, legislators and educators, and it is charged with nothing less than moving Tennessee onto the “short list” of states with high-quality public higher education systems.

Sundquist was in need of blue-ribbon advice because internal wrangling, some of it caused by the governor himself, had reduced the effectiveness of the Tennessee Higher Education Commission (THEC), the state’s planning and coordinating agency.

Although Sundquist is a popular Republican governor who is expected to be reelected in November, the turmoil at THEC was a weak point that provided potential ammunition for a Democratic opponent.

How better to deal with this problem than to appoint a group of prominent citizens to study Tennessee’s higher education system and to make recommendations for reform, in a report carefully crafted to attract media attention?

The governor acknowledged the connection between the THEC controversy and creation of the blue-ribbon group. “I wish to shift the terms of our higher education debate away from the tactical and political concerns of who governs our system,” he said when he appointed the council. “I want to move the conversation into more important matters—how it functions and what it provides for our citizens, students and taxpayers.”

Sundquist turned to a friend and supporter, Dennis Bottorff, chief executive officer for student academic services at UCLA, who heads the “Blue Ribbon” study group.

The results could reflect the future for other popular, selective public universities across the country, if racial or ethnic factors no longer can be considered in deciding who will be admitted.

The results were disappointing, but not surprising, to University of California administrators. “Educational opportunities they (Latinos and African Americans) receive generally aren’t equal,” Patrick S. Hayashi, Berkeley associate vice chancellor in charge of admissions and enrollment, said in an interview. “The new approach takes some of that into account, but their grades and test scores tend to be lower. There’s no way to substitute for racial preference. Affirmative action was working at Berkeley and UCLA.”

Thomas E. Lifka, assistant vice chancellor for credit students for University of California administrators. “There’s no valid surrogate for race,” Lifka said. “We have looked at disadvantaged high schools and flipped over every rock. Many problems have nothing to do with race. I don’t think we will ever have a perfect system. This is the best we can do.”
AN INTERVIEW

JAMES B. HUNT, JR.

Governor James B. Hunt, Jr., of North Carolina, has been an active supporter of education. This interview was conducted by Patrick M. Callan, president of the National Center for Public Policy and Higher Education.

Patrick M. Callan: After years of leading national and state efforts to improve public schools and, most recently, early childhood education, you have taken on the role of founding chair of the National Center for Public Policy and Higher Education. Why?

James B. Hunt: Everything we know about the 21st century tells us that higher education will be even more central to the future of our states and our nation than it has ever been before. American higher education has a good track record. When I look back over the last several decades in my state, and when I look across this country, it is clear what has happened in the main to change this country.

One of the great engines that literally transformed America after World War II was the GI Bill. For the first time in history, the children of average people, sons and daughters of farmers and mechanics, could get a college degree. And ever since the vets went to college, our society has provided each generation with successively greater opportunities to get a higher education. I suggest that nothing has meant more to America becoming the great economic powerhouse that we are today than that. As in no other nation, the young people in America have been able to develop their talent and their intellect through public and private two- and four-year institutions of higher learning.

Now frankly, no politician or party or political ideology deserves credit for this transformation. It was the American people who wanted it done, and in large measure it was higher education that did it and has pushed it onward along the years since.

What it did was provide hundreds of thousands of people with unprecedented opportunity to learn. It created the educated population that propelled our nation into world leadership. It made possible the great American middle class. It gave people in populations who long had been left out a chance to strive and to climb the ladder and to aspire to be the best they could be.

And it contributed to the tenacious growth of democratic values and institutions that eventually won the Cold War and put this nation in the position it is in today—clearly the leading nation in the world, but one whose potential is still unfulfilled.

The nation, the states, and the colleges have done a marvelous job. But there is so much more to be done. We must work on accessibility and affordability and quality and ways to do better. We need public policy to focus on this more.

In recent years it has focused primarily on K through 12 and early childhood. But we need to focus more on higher education. I want the National Center to help lead the country to do that, working with higher education, government, business and civic leaders. The future of the country depends on much small part on opening those doors of opportunity and learning much wider. It depends on getting more people into education and training after high school and helping them learn.

This applies to young people and older adults all over this country, wherever they come from, whoever they are, whatever their race or their religion or their family’s background. Higher education is something they should have available to them.

PC: In your recent address to the American Association, you expressed concern about national opportunity and learning “deficits.” That’s pretty strong language. What are these deficits as you see them?

JH: I chose those terms because I think they might help us focus on what our problems and our possibilities are. The word “deficit,” of course, is a word that has been fraught with meaning for years in America.

We worried through the 1960s and the 90s, right up until recently, about huge budget deficits and huge trade deficits. In fact, we worried so much that we did something about it. The point is that we became concerned about it. We recognized it for the threat that it was. Even more importantly, we realized what we could do if we got over it and used resources in other ways, and we have done something about it, though there is more to be done.

Today in America we still face a deficit of opportunity and a deficit of learning. First of all, the benefits of this great system of colleges and universities are still uneven—and I believe unfairly—distributed.

We’ve talked a lot today about how good things have gotten and how much better they have gotten. But the real truth is not all who could benefit from it have the opportunity to learn. And I want us to stay focused on those people out there who don’t have the chance.

Far too many students not only don’t have that first chance in higher education, far too many leave higher education with their personal aspirations unrealized and with society’s needs for them to learn and contribute unmet.

We have done far better at developing the talents of students who come to us from the middle class and from privileged backgrounds than we have with those from less advantaged circumstances. And today our nation stands on the verge of the largest cohort of young Americans to come of college age since the baby boomers. Those of us who are dealing with public education and how these numbers are increasing are seeing it every day.

Those students are making their way through elementary and secondary schools right now. Almost half the states, including my own, will experience increases of twenty-five percent or more in the numbers of high school graduates in the next decade. My state of North Carolina will have the fourth largest increase in public school enrollments of any state in America.

The nation and the states and the colleges, I am afraid, are behind the curve in planning to meet the educational needs of this tidal wave that is coming at us.

The cost and price of higher education are also matters of great importance to the future of educational opportunity. They are legitimate and real concerns for many working class and middle class American families, and especially for the economically disadvantaged.

PC: And the “learning deficit”?

JH: There is also a learning deficit in America. There are many ways of describing it, but one powerful example is the record of student success. We have steadily increased the percentage of high school graduates going on to college. But since the mid-1970s the proportion of 25 to 29 year olds completing four years of college has not increased much, it has stabilized in the 23 to 25 percent range.

Let me explain. Of the students who entered college aspiring to baccalaureate degrees in 1989, 46 percent had a bachelor’s degree five years later, five percent had an associates degree and three percent a certification. Eighteen percent were still enrolled, 28 percent had not earned a degree and were no longer enrolled. And if half of those 18 percent who were still enrolled eventually got a degree, of all the degree-seeking students who entered in 1989, only a little over one-half would have achieved their dream for themselves and for us.
The National Center recently commissioned a national survey of public opinion on this. The survey was conducted by the very influential and credible Public Agenda organization. They found that more than half of Americans believe that getting a college education in the next decade will be more difficult than it is today. At the same time, our people know how important higher education is. The survey showed that Americans believe, in overwhelming numbers, that high school graduates should go on to college even if they have a good job offer when they graduate. That's important.

The public believes that their states need more college graduates in order to be successful economically. They believe that no student who is qualified and motivated to attend college should be prevented from doing so. Public resistance to limitations on college access for those who can benefit, and strong support for approaches that help more people enroll and do well.

And right now, the American people see as an increasing bipolar distribution about all they can to pay for college, and they think that additional price increases are a bad idea.

PC: How do you assess the prospects of American higher education?

JH: I am optimistic. I have seen higher education in my state and in this nation become the primary force responsible for pulling us up, for helping us know where we could go, inspiring us. I have seen the expansion of opportunity through public and private, two- and four-year colleges and universities. I have seen our colleges and universities become the Research Triangle.

But we can do better and we can go further. Some may think that opening more doors, keeping the price affordable and bringing millions more Americans into higher education are walls too high to climb. But I am convinced that we can do it. We have got to work together; we've got to help each other up.

We've got to find the right public policies and commitments to make it happen. ♦
Tennessee Facts
Number of institutions of higher education: 76
Public: 52
Private: 52,826
State funds for higher education (1996–97): $384.5 million
Systems of higher education:
University of Tennessee: four campuses
Tennessee Board of Regents: 20 campuses (14 two-year, six four-year)
Tennessee Higher Education Commission (coordinating board)
Percent of adults with bachelor's degree or more: 16 percent (the national average is 20.3 percent)
Average tuition at public institutions (1996–97): University: $2,980 (the national average is $3,776)
Colleges: $1,980 (the national average is $2,645)
Community Colleges: $1,106 (the national average is $1,457)
Total number of full-time-equivalent faculty (1992): 13,064
College continuation rate (1996): 53.8 percent (the national average is 58.5 percent)

Tennessee banker Dennis Bottorff, who heads the Tennessee Council for Excellence, seeks “crisp focus on goals” for higher education.

would lift the University of Tennessee's flagship campus in Knoxville to national academic prominence has been lacking. Dennis Jones, president of the National Center for Higher Education Management Systems, is consultant to the new council, reported that Tennessee universities conduct less research than the national average in all major disciplinary areas. The high school dropout rate is well above the national average and the state ranks 29th in percentage of high school graduates who go on to college. In 1996, only 19.5 percent of Tennesseans 25 and older held bachelor's degrees or more, tenth lowest in the nation, according to the U.S. Bureau of the Census.

More of Tennessee's population is employed in production and laboring jobs than in technical or professional occupations. Dennis Jones reported, but the future job market is likely to require more highly trained workers.

All of this adds up to "an economic crossroads for the state," Guthrie said. "The council was created to help the state decide how best to address the shifts in the economy." Tennessee's problems are compounded by a system of "good old boy" politics, as one knowledgeable observer put it, and by a fierce regionalism which requires that eastern, western and "middle" Tennessee must share more-or-less equally in new construction and other state financing for higher education.

As a consequence, a higher education analyst said, the "state is replete with bricks and mortar that are not needed, and duplicative academic programs abound." There are 14 doctoral-granting institutions, public and private, in Tennessee, while the state of Washington, home of Boeing and Microsoft, has only four.

Indeed, one of the causes of disension within the Tennessee Higher Education Commission was a disagreement over a new engineering school for the University of Tennessee at Martin, a small campus in the northwest part of the state.

So the Council on Excellence in Higher Education faces a difficult task if it hopes to live up to its name. But Dennis Bottorff, the chair, has a formidable reputation for success in both business and civic. "If you wanted to appoint people who weren't going to do anything, you'd never appoint Dennis Bottorff," said Gerald Hayward, co-director of Policy Analysis for California Education (PACE) and a consultant on the Tennessee project.

The council will concentrate on three areas—academic programs, financing and governance. (Currently, the state has two governing boards; one has authority over the four Universities of Tennessee campuses, while the Tennessee Board of Regents controls the other 20 public campuses, both two-year and four-year.) Bottorff and Guthrie have hired a battery of consultants to study these and other topics. (Among them are Patrick M. Callan and Joni E. Finney, president and vice president of the National Center for Public Policy and Higher Education, which publishes this quarterly.)

Guthrie said the council will hold public hearings around the state and expects to have a draft report ready by November. The final report, with recommendations, is to be submitted to the governor next January. Although Guthrie said all higher education groups have been "quite cooperative" so far, the University of Tennessee's position has been described as "passive aggressive."

"I don't know if (the council) is necessary," Joseph Johnson, the university's president, said in an interview. "In a certain sense, this is a fresh group of people looking at an old topic."

But Johnson, who is a council member, said he would be open to suggestions. "I would like to have a group of people that we can get a fresh look at some of these issues."

In the council's early days, one of its harshest critics was Senator Andy Womack, chair of the Senate Higher Education Committee and a member of the council. He charged that the group was doing planning work that should be done by TEEC, and he also said it was unfair for people from Vanderbilt, a private university, to be criticizing the public campuses.

"Womack just hates Vanderbilt," one of the other council members said, "so we've had to push Guthrie and Vanderbilt into the background as much as possible."

Lately, however, Womack has been more conciliatory. "There's no doubt that we need a process of review for higher education in this state," he said. "We need direction from an independent body."

If the Council on Excellence has little impact on Tennessee higher education, it will come as no surprise to experts who have watched similar "blue ribbon" commissions in other states over the years.

In elementary and secondary education, these commissions sometimes have produced results, but that has happened less often in higher education.

Citizens groups that concentrate on lobbying governors and legislatures for more higher education spending sometimes succeed, experts say, pointing to the recent examples of Florida and Virginia. But those advocating systemic reform, as the Tennessee council might well do, face many obstacles.

"It is very difficult to have an objective blue-ribbon group," said Lee R. Kershner, who served as staff director for a mid-1980s review of the California Master Plan for Higher Education. "You end up having all the interests represented, even if you didn't start out to do that, and agreement on important issues becomes..."
impossible.”

William Chance, an Olympia, Washington, higher education consultant who has been involved with a half dozen blue-ribbon studies, said the presence of business leaders can be a mixed blessing. “You have to have these moguls because of their clout,” Chance said, but they often are too busy to attend meetings or to read materials and “they usually want everything boiled down to a one-page memo, no matter how complex the issue.” As a result, he added, “you can end up with a report that’s opinion rich and fact poor, so the opinions, unsupported by factual argument, are no better than your opponents’. In that situation, why should the governor and the legislature spend money on your opinions, which are probably not sound.”

Roger Benjamin, Director of RAND Education, said blue-ribbon groups are “well-meaning but, unless their recommendations can be sustained, I wonder what purpose they serve? Unless there is an implementation plan, and members of the group stick with it, the whole thing ends up being just exhortation.”

On occasion, exhortation is all that is truly wanted.

Commissions are sometimes appointed “as a political strategy to put something off,” said Aims C. McGuinness, Jr., senior associate general counsel for the National Council for Higher Education Management Systems. “The idea is to create a set of concerns and make a lot of noise but nothing happens.”

If that is the strategy in Tennessee, it appears to be working. With the Council on Academic Excellence not scheduled to report until next January, the higher education controversy has died down, according to Bill Cullen, who covers the state for the Nashville Tennessean. “The governor seems to have bought some time with the appointment of that commission,” Carey said.

Blue-ribbon groups tend to work better if the governor who appoints them already knows what changes he or she wants and then finds commission members who agree, several experts said. They cited the example of Illinois, where Governor Jim Edgar’s ideas for reorganizing the state’s public systems three years ago were endorsed by a task force.

They also tend to be more effective in time of crisis, but these are good times for public colleges and universities in most states and “there is a tendency to leave well enough alone,” said John Hon, president of the New England Board of Higher Education.

Sometimes a blue-ribbon group can have an impact, no matter how improbable its recommendations.

Some years ago, a special commission in West Virginia proposed the “most gosh awful scheme you could imagine” for restructuring the governance of public higher education, said Mark D. Musick, president of the Southern Regional Education Board, “but it’s worked better than anyone could have expected, because of the strength of the personalities involved.”

“Usually, these commissions do no harm,” Musick added, “and a few a keystone notable footprint.”

### Blue-Ribbon Commissions Across the Nation

**California, Oregon, Washington, Louisiana and Virginia are among the states that have appointed high-profile groups to study the needs and problems of postsecondary education.**

California, Oregon, Washington, Louisiana and Virginia are among the states that have appointed high-profile groups to study the needs and problems of postsecondary education. Though many of the commissions, “either statutory or in the policies of governing boards,” the group also hopes to make support for higher education an issue in the election for governor next November.

Oregon Governor John Kitzhaber appointed a Task Force on Higher Education and the Economy after the state’s high tech firms complained that they had to go out of state to hire trained people because the Oregon public higher education system was not meeting their needs.

Kitzhaber picked outsiders to scrutinize higher education because “you don’t go out and seek change from people inside the system,” said Danny Santos, a policy adviser to the governor.

The task force has recommended sweeping changes, including a proposal that state appropriations be tied directly to student enrollment and to other state needs. Public colleges and universities would be encouraged to compete and collaborate through decentralization of authority and institutional autonomy.

Kitzhaber welcomed the report and warned the higher education community “it is not my intention to put my will against the will of this system—although I would not shrink from doing so if I felt it was unavoidable.”

In the State of Washington, Governor Gary Locke has named a high-level group to study the state’s higher education needs, not in the immediate future but a quarter century from now.

Jack Creighton, retired Chief Executive officer of the Weyerhaeuser Company, and Bob Cravis, senior vice president of Costco, a discount chain, will head the “2020 Commission,” which, the governor said, is “to leap over the problems of today and focus on the needs of our state in the year 2020.”

“If that long-term vision upsets the apple cart of today’s higher education institutions, that’s okay,” Locke said.

**Other States:**

**Connecticut:** The Board of Governors for higher education recently created an advisory council to “engage a broad public dialogue, in determining what changes will shape a system of higher education responsive to the needs of the…state, its citizens and its individual institutions.”

The advisory group includes representatives from private industry, the legislature and the governor’s office, as well as from higher education.

**Illinois:** The Board of Higher Education, the state planning and coordinating agency, will conduct its own “master plan review of the state’s higher education systems.” This began as an exploration of the need for a new four-year campus in the suburbs north of Chicago but has broadened into a statewide inquiry.

**Louisiana:** A citizens’ commission recommended this year that a separate education system be created for most of the state’s two-year community and technical colleges, which now are administered by Louisiana State University, Southern Univer-

*Blue-Ribbon higher education commissions, like the Tennessee Council on Excellence, are currently in vogue around the country. California, Oregon, Washington, Louisiana and Virginia are among the states that have appointed high-profile groups to study the needs and problems of postsecondary education.***

In California, the Citizens’ Commission on Higher Education has recommended changes in admissions policies, financing of public higher education and governance of the state’s 106 community colleges, among other proposals. The commission’s main concern has been finding ways to cope with an expected increase of about 500,000 additional students in California higher education over the next decade. The citizens’ group, financed by private foundations, has been meeting for more than a year under the co-chairmanship of Harold Williams, former president of the J. Paul Getty Trust and also a former University of California regent, and John Slaughter, president of Occidental College and former chancellor of the University of Maryland system.

“Actual policy change is our goal,” said William H. Pickens, executive director of the commission, “either statutory or in the policies of governing boards.” The group also hopes to make support for higher education an issue in the election for governor next November.

Oregon Governor John Kitzhaber appointed a Task Force on Higher Education and the Economy after the state’s high tech firms complained that they had to go out of state to hire trained people because the Oregon public higher education system was not meeting their needs.

Kitzhaber picked outsiders to scrutinize higher education because “you don’t go out and seek change from people inside the system,” said Danny Santos, a policy adviser to the governor.

The task force has recommended sweeping changes, including a proposal that state appropriations be tied directly to student enrollment and to other state needs. Public colleges and universities would be encouraged to compete and collaborate through decentralization of authority and institutional autonomy.

Kitzhaber welcomed the report and warned the higher education community “it is not my intention to put my will against the will of this system—although I would not shrink from doing so if I felt it was unavoidable.”

In the State of Washington, Governor Gary Locke has named a high-level group to study the state’s higher education needs, not in the immediate future but a quarter century from now.

Jack Creighton, retired Chief Executive officer of the Weyerhaeuser Company, and Bob Cravis, senior vice president of Costco, a discount chain, will head the “2020 Commission,” which, the governor said, is “to leap over the problems of today and focus on the needs of our state in the year 2020.”

“If that long-term vision upsets the apple cart of today’s higher education institutions, that’s okay,” Locke said.

**California, Oregon, Washington, Louisiana, and Virginia are among the states that have appointed high-profile groups to study the needs and problems of postsecondary education.**
compared with other applicants with percent. The overall grade-point average better. Of these, 500 were from underrep-
resented group in the University of California student population, have almost disappeared; only 27 were admitted to Berkeley, a 59 percent drop from a year ago.

At UCLA, the number of Latinos admitted fell 33 percent. African Americans 42.6 percent and American Indians 43 percent. The overall grade-point average for those admitted to UCLA rose slightly from 4.1 to 4.19 (Advanced Placement classes and other honors work can raise a GPA above 4.0), and Scholastic Aptitude Test (SAT) scores increased from 1382 to 1334. At Berkeley, average GPA increased from 4.14 to 4.27 and SAT scores rose from 1336 to 1390.

Among the unsuccessful Berkeley ap-
African American, or Chicano, background, they were identified as whites and Asian Americans according to a survey by Greggy Thornton, director of student research.

Thornton interviewed three-quarters of the students who all said they feared they would harm their chances if they were identified as white or Asian. Many also thought their chances would be even slimmer if their white or Asian American background was linked with data elsewhere on the applications revealing that their parents were well educated and/or affluent.

On the eight UC general campuses, undepicted freshmen applications showed a 14 percent drop for both African Americans and American Indians, according to university officials. Latinos declined by eight percent.

In addition to Berkeley and UCLA, the campuses at Davis, Irvine, and San Diego also experienced sharp declines At UC Riverside and UC Santa Cruz, African American and Latino admissions increased over last year. UC Santa Barbara did not make its numbers public.

The declines in the number of African Americans and Latinos admitted to Ber-
keley were especially discouraging for campus officials because their applications

All freshman applicants to Austin are required to submit SAT scores. Remedial courses also will begin in the state; included 4.1 percent black students, 14.7 percent Latino. For the freshman class that entered last fall, Austin received about 14,000 applications and accepted 10,000 (68 percent), to fill 6,000 openings.

After an appellate court ruling in 1996 that race could not be considered, and the upholding of that decision by the U.S. Supreme Court, Austin abandoned its old admissions policies and began to accept applications from students whose high schools confirmed that they were expected to graduate among the top ten percent academically.

The new policy became state law last year after a 27-to-four vote in the state Senate and a narrower 77-to-68 margin in the House, followed by Governor George W. Bush's signature.

Bruce Walker, director of admissions at UT Austin, headed a statewide committee that tried to fill in details of the new law. Walker said high schools now must provide precise class standings for all students and also must offer proof of class size and comparative academic records. But the top ten percent from each high school will be entitled to admission and "courses will be no factor," he said.

About 45 percent of those admitted for next fall qualified as "entitled" students under the new law. The test were admitted after traditional screening. Although the Austin campus has for years made room on a more informal basis for the top ten percent from each high school, the new law increased this number by about 17 percent.

“We’re finding that we still have communications problems getting out information about the new entitlements,” Walker said. “It will take three years for us to be an operation with the full knowledge of all the high schools.”

Among all freshman admissions, the percentage of African American students dropped seven percent from a year ago. The percentage of Latinos and American Indians remained unchanged. Whites declined seven percent, Asian Americans less than one percent, but the number quadrupled among those who declined to state race or ethnic origin.

All freshman applicants to Austin are required to submit SAT scores and must write two essays. Remedial mathematics will be "highly recommended" to "entitled" students who plan to major in math, engineering or physics, if their test scores show they are not ready to study calculus. Walker said such students will be admitted but will be asked to change their majors if they fail to meet the math entrance standards.

Remedial English will also begin in the fall term for entitled students who show scholastic weaknesses.

Unlike Texas or the UC campuses, Michigan continues to use affirmative action to increase enrollment of African Americans.

Virginia and North Carolina

The University of Virginia, in Charlottesville, and the flagship Chapel Hill campus of the University of North Carolina also use affirmative action to admit minority students.

Each of the southern campuses accepts about one-third of its freshman applicants. Both accept more than 60 percent of applications from qualified in-state students, and both set aside three times more spaces, proportionately, for out-of-state students than either Berkeley or UCLA. Unlike the UC campuses, both Chapel Hill campuses give priority to “legacies”—children of alumni.

Berkeley admissions officials consulted with those at the University of Virginia, where stu-
dents seeking admission must submit several short essays, and one long one, on a random basis at least three members of the admissions staff read each application, and strong essays can be decisive.

Substantive letters of recommendation also can increase an applicant’s chance. Children and stepchildren of alumni have a 60 percent chance of admission, 25 percent higher than the overall acceptance rate. Among Virginia residents who make up 65 percent of the freshman class, the campus gives “special consideration” to students with “ethnic, minority, rural, economic, or educationally deprived backgrounds.” African Americans comprise about 11 percent of undergraduates, compared with 18 percent statewide.

At Chapel Hill, “race is one factor among many used in the admissions process,” said Jerome A. Lluch, assistant vice chancel-
or and director of admissions.

Besides grades, test scores and class rank, consideration is given to courses taken, leadership and other qualities such as “an ability to set and achieve goals, ability to overcome obstacles and whether a student is the first in her or his family to attend college,” Lluch said.

African Americans make up 11.8 percent of the undergraduate enrollment at Chapel Hill. They are 22 percent of the statewide population.

Who Gets In?

The UC regents, prodded by Governor Pete Wilson, voted in July 1995 to impose a ban on admissions formulas that took into account race, ethnicity and gender.

decreases among those of Mexican American, or Chicano, background, compared with other applicants with Hispanic names At Berkeley, for example, the percentage of Chicano admitted was 56.3 percent less than a year ago. That compared with a 21 percent decrease among other Latinos.

The proportion of those who identified themselves as whites and Asian Americans rose only slightly at Berkeley—3.2 and 7.7 percent respectively—and self-designated whites actually dropped 5.1 percent at UCLA. But several admissions officers privately called these figures very misleading, since there were very large increases in the “decline to state” cate-
y—162 percent at Berkeley, 157 per-
cent at UCLA.

Last year, almost two-thirds of fresh-
men class—three times more, proportionately, than either Berkeley or UCLA.

Unlike Texas or the UC campuses, Michigan continues to use affirmative action to increase enrollment of African Americans.

VIRGINIA AND NORTH CAROLINA

The University of Virginia, in Charlottesville, and the flagship Chapel Hill campus of the University of North Carolina also use affirmative action to admit minority students.

Each of the southern campuses accepts about one-third of its freshman applicants. Both accept more than 60 percent of applications from qualified in-state students and both set aside three times more spaces, proportionately, for out-of-state students than either Berkeley or UCLA. Unlike the UC campuses, both Chapel Hill campuses give priority to “legacies”—children of alumni.

Berkeley admissions officials consulted with those at the University of Virginia, where stu-
dents seeking admission must submit several short essays, and one long one, on a random basis at least three members of the admissions staff read each application, and strong essays can be decisive.

Substantive letters of recommendation also can increase an applicant’s chance. Children and stepchildren of alumni have a 60 percent chance of admission, 25 percent higher than the overall acceptance rate. Among Virginia residents who make up 65 percent of the freshman class, the campus gives “special consideration” to students with “ethnic, minority, rural, economic, or educationally deprived backgrounds.” African Americans comprise about 11 percent of undergraduates, compared with 18 percent statewide.

At Chapel Hill, “race is one factor among many used in the admissions process,” said Jerome A. Lluch, associate vice chancel-
or and director of admissions.

Besides grades, test scores and class rank, consideration is given to courses taken, leadership and other qualities such as “an ability to set and achieve goals, ability to overcome obstacles and whether a student is the first in her or his family to attend college,” Lluch said.

African Americans make up 11.8 percent of the undergraduate enrollment at Chapel Hill. They are 22 percent of the statewide population.

Carl Irving

--Carl Irving

RACE

continued from page 1
to do with schools. Rather, it’s parental stimulation and support. How do you intervene for a kid in a one-parent family whose parent never graduated from high school?

At UC Berkeley, the proportion of La-
tinos admitted to next year’s freshman class dropped 49 percent from a year ago. Latinos therefore comprise only 7.6 percent of those admitted, despite Cal-
ifornia’s rapidly growing Latino popula-
tion.

The proportion of African Americans dropped 64 percent and will account for only 2.4 percent of those admitted. Amer-
ican Indians, the third chronically un-
derrepresented group in the University of California student population, have almost disappeared; only 27 were admitted to Berkeley, a 59 percent drop from a year ago.

At UCLA, the number of Latinos admitted fell 33 percent. African Americans 42.6 percent and American Indians 43 percent. The overall grade-point average for those admitted to UCLA rose slightly from 4.1 to 4.19 (Advanced Placement classes and other honors work can raise a GPA above 4.0), and Scholastic Aptitude Test (SAT) scores increased from 1382 to 1334. At Berkeley, average GPA increased from 4.14 to 4.27 and SAT scores rose from 1336 to 1390.

Among the unsuccessful Berkeley ap-
ners who enrolled at Berkeley, but had declined to give their race or ethnicity on the application forms, were white and the rest were Asian Americans, according to a survey by Greggy Thornton, director of student research.

Thornton interviewed three-quarters of the students who all said they feared they would harm their chances if they were identified as white or Asian. Many also thought their chances would be even slimmer if their white or Asian American background was linked with data elsewhere on the applications revealing that their parents were well educated and/or affluent.

On the eight UC general campuses, undepicted freshmen applications showed a 14 percent drop for both African Americans and American Indians, according to university officials. Latinos declined by eight percent.

In addition to Berkeley and UCLA, the campuses at Davis, Irvine, and San Diego also experienced sharp declines At UC Riverside and UC Santa Cruz, African American and Latino admissions increased over last year. UC Santa Barbara did not make its numbers public.

The declines in the number of African Americans and Latinos admitted to Ber-
keley were especially discouraging for campus officials because their applications
had increased from the year before—by 7.4 and nine percent respectively—despite publicity about ending racial preferences.

The UC regents, headed by Governor Pete Wilson, voted in July 1995 to impose a ban on admissions formulas—"affirmative action" that took into account race, ethnicity and gender. The policy took effect the year. Gender was never a factor. The policy took effect the year.

Proposition 209, an anti-affirmative action state initiative approved by 54.3 percent of California’s voters in November, 1996, strengthened the ban.

To make up for these actions, Berkeley officials adopted a far more detailed admissions process, rewarding extra effort in and out of the classroom and taking into greater account poverty and social barriers (but without regard to race or ethnicity). “We accelerated transition to this approach because it gave us maximum flexi-

ability under the law,” Berkeley’s Hayashi said. “Had we not moved to this process, the number of underrepresented students would have been far lower.” When the process began last January, Berkeley officials knew they would admit only 8,250 of the 30,000 applicants, aiming for a first-year class of 3,485. The gap between those admitted and those who enrolled reflects the fact that the campus competes with prestigious public and private universities, nationwide, for many of California’s outstanding students.

Berkeley, like UCLA, divides admissions into two equal portions—half are accepted primarily because of academic achievement (grades and SAT scores), the other half because of a mix of academic and non-academic accomplishments and in many cases, for overcoming economic or social obstacles.

In the past, race and ethnicity could be considered, along with many other factors. But when a group of 52 application readers—a mix of high school counselors and full-time staff members that included 24 whites, 12 African Americans, eight Asian Americans, seven Latinos and one American Indian—began to study the

applications for next fall, they knew that racial criteria had been ruled out. Instead, readers zeroed in on factors before the fact that many applicants extended themselves in choosing courses and other activities, considering obstacles they had overcome.

They were armed with detailed reports on the range of quality in the high schools, helping them to judge whether applicants had to overcome poor teaching and counseling, or whether they had bene-

fitted from inflated grades.

Far more intensively than before, the readers examined students’ academic and social backgrounds, giving special atten-

tion to those who had overcome big bumps in their lives. Shallower and more mechanical reviews of the past were replaced by “tough sensitivity,” according to Jennifer Franchot, associate professor of English at UC Berkeley and head of the faculty advisory committee on admissions.

Franchot took a leave from teaching American literature this spring to help read the applications and explain what the faculty wanted. Academically, that meant adjusting extra credit and attention for high school honors work and for Advanced Placement courses and other college-level work.

The Berkeley faculty also wanted readers to take note of “extraordinary, sustained achievement in any field of intel-

lectual endeavor.” SAT scores became less important as readers analyzed closely how students fared in competition with class-

mates.

The faculty also directed readers to look at “personal characteristics and achievements,” to include arts, sports, leadership qualities, character, motivation, tenacity and initiative. “Overcoming obstacles” quickly became a dichotomy for the readers but in some cases that description seemed too mild.

“We see a huge range of personal backgrounds—orphans, second-gene-

ration victims of drive-by shootings, some living in cars, refugees from around the world,” said Nina Robinson, Hayashi’s assistant manager of policy, planning and analysis. “It means more to us now—kids who achieve in spite of obstacles.”

The readers also were instructed to look for “middle class” achievements such as Eagle Scout projects, community work, playing first violin in the school orchestra or being elected president of a student group.

Special attention was paid to the two-page personal statement that each ap-

plicant must file. “In the past, that statement was important only for some,”

continued next page

Courts Consider Affirmative Action: Differing decisions reveal national ambivalence

...
Competing for Admission

Three students who were admitted to UC Berkeley, and one who was not

ONE SUCCESSFUL APPLICANT

A young woman who emigrated from Russia in 1994 at age 14, able to speak only Russian. Her well-educated parents had made sure, however, that she had a solid early education. In this country, she was forced to attend four different high schools—switching at mid-term twice—as her parents struggled to find a permanent home. But the young woman persisted and earned all A’s.

Despite low SAT scores, the application showed she did well in Advanced Placement exams in courses she completed. The admissions office decided she had shown mastery of content, regardless of test scores. Perhaps most important, one reader wrote, "was how well she had stayed on track, given the serious disruption in her life."

A young man impressed Berkeley’s admissions officials by developing and aggressively pursuing a passion for computer science that began in elementary school. He began to take college-level courses while still in middle school. After exhausting the high school curriculum, he sought out university courses. Readers also found that this student had shared his learning with others and that he also expressed his first love with other activities: playing symphonic and jazz music from middle school on, serving as president of the high school band in his junior and senior years, and being elected to student government in the tenth and twelfth grades.

Readers agonized over one young woman who described parents who strongly supported her education, despite their poverty and the fact that they neither spoke English nor graduated from high school.

This student had displayed initiative. In the ninth grade she applied for a "mag- net" school and was accepted. For four years she traveled more than an hour each morning to get to the school where she took honors and Advanced Placement courses. Because she had to translate for her parents, she became adept at both English and Spanish and also started beginning, intermediate and advanced Japanese.

She enrolled in some college courses during her spare time and got very good grades. Her test scores were not outstanding, except for work in a Spanish achievement test. "Even though this student was not as strong on all dimensions as many thousands of our other applicants, it was clear that she had set an ambition course for herself, that she challenged herself academically, that she met those challenges," a reader commented.

Her grades, course and activities suggested that "this student would not only do fine at Berkeley, she would be a great addition to our campus. So we gave her a high score."

But the fierce competition from other highly qualified applicants left no room for her at this final decision in March.

Neither Hayashi nor Laird was surprised by the outcome. Nor were their counterparts at UCLA, which preceded Berkeley by switching to a broader review of applicants several years ago.

Evaluating racial factors in admissions poses special problems for UCLA, located in a city with a very large Mexican American population and a school district with one of the lowest college-going rates in the state.

The Los Angeles campus has long been noted nationally as a leader in admitting and graduating minority students. Five campus buildings are named after prominent African Americans, including Ralph Bunche, who served as deputy secretary general of the United Nations, and former Los Angeles Mayor Tom Bradley.

Over the last two decades, UCLA ad-
misions officials have seen a direct cor-
relation between wealth and high test scores and those whose academic

rules might destroy "critical masses" of
students with similar backgrounds. It is a
loss that can’t be regained very soon, Likt a said. "If you’re a 17-year-old and you say, I’m going to find a boyfriend or a girlfriend; it’s not required that every face be from your group, but there’s need for that critical mass," he said.

UC Berkeley Chancellor Robert M. Berdahl and UCLA Chancellor Albert Carnesale both said their campuses will work hard to persuade those African American and Latino students who were admitted to actually enroll next fall and not desert the UC system or the state.

"Now the challenge before us is de-
spite this drop in admission in under-
represented minorities, to get the highest possible enrollment we can so we can maintain the diversity of this campus," Carnesale said at a press conference follow-
ing release of the figures.

In recent weeks, Chancellors Berdahl and Carnesale, along with Assembly Speaker Antonio Villaraigosa and other prominent alumni, have been phoning and writing successful applicants from underrepresented groups, urging them to enroll in the fall.

However, many of these students also have been accepted by prestigious private universities that can offer generous scholarships. In the recent past, less than half of the "underrepresented" who were admitted to Berkeley and UCLA actually showed up for classes, and many expect that number to drop this year.

Berdahl said he reacted "with a mix-
ture of disappointment, anger, frustration, hope and resolve." The results were "worse than we had hoped," he added. Many black and Latino students who were denied admission would have succeeded at Berkeley, the chancellor added, citing steady improvement in minority gradu-

ation rates.

Berdahl said “there’s no easy answer” for the problems created by eliminating racial preference from the admissions procedure. He rejected suggestions that Berkeley should lower its admissions standards by letting high schools choose the candidates or by selecting students through a lottery.

“Our faculty won’t tolerate that,” Ber-
dahl said. “It would mean lower gradua-
tion rates and a very ineffective distri-
bution of our education dollars. Students ought to be entering a system where they can succeed.” Yet the chancellor readily concedes that “legislators who feel as though their constituents don’t have access to this campus might be less inclined to support Latino membership in the Democratic majority of the lower house in Sacramento has increased from five to 13 in the last five years. That reflects California’s rapidly growing Latino population, which increased from 26 to 30 percent between 1990 and 1996.

Earlier this year, Villaraigosa, a Los Angeles Democrat, was elected speaker of the state Assembly, the second Latino in a row to hold that post. By 2005, Latinos are expected to outnumber whites among California public high school graduates.

A Latino faculty task force headed by Eugenie E. Garcia, dean of the Graduate School of Education at Berkeley, has recommended that UC drop the SAT as an admission requirement because they continued on page 20.
Higher Education Blooms in Nevada
Improved fortunes for state's public colleges and universities

By William Trombley
Senior Editor
LAS VEGAS, NEVADA

AFTER TRAILING most of the nation for years in higher education attendance and spending, the State of Nevada has begun to change direction.

Enrollment in the state's two universities and four community colleges has increased about 16 percent since 1994. State spending for higher education rose 30 percent in the last two years, the largest percentage increase in the nation. Higher education's share of the state budget has jumped from 17 percent to almost 20 percent.

Although Nevada still ranks near the bottom among the 50 states in percentage of the population with bachelor's degrees, that number, too, has started to move up.

"Things are on the upswing," said Ray Rawson, who runs the dental hygiene program at the College of Southern Nevada (CCSN) and also is assistant majority leader of the state Senate.

Economic prosperity is the main reason for the improved fortunes of Nevada's public colleges and universities. The last few years have been lucrative for gambling and tourism, which account for a major share of Nevada tax revenues (The state has no income tax.)

But some educators think there also is increased interest among Nevada citizens in pursuing education beyond high school. Las Vegas is so full of stories about young people who make so much tip money parking cars or waiting on tables, and who don't report much of that income to the Internal Revenue Service, that earning a college degree seems a waste of time.

"That's both true and it's a mythology," said Richard Jarvis, chancellor of the University and Community College System of Nevada. "It's true that we have a full-employment economy right now and kids don't need a college degree to get jobs. But there's a growing realization that there are dead-end jobs and they'll need education and training to survive in the future.

Nevada's college-going rate (the percentage of high school graduates who enroll in college) of 38.7 percent was lowest in the nation in 1996, when the national average was 58.5 percent. "We still have a huge marketing job to do," Jarvis said.

Richard Moore, the energetic entrepreneur who has revitalized the three-campus Community College of Southern Nevada system since becoming president in 1994, said that "education is the number one priority of this state. People believe it's important and they'll pay for it, with increased taxes if they have to."

No they won't, responded Senate Majority Leader William Raggio, a veteran Republican politician and a strong supporter of higher education. "It's a matter of our revenues," he said. "If we have the money, we'll spend as much as we can on the colleges but the public is not in any mood for tax increases."

There are a few dark clouds on Nevada's economic horizon. Hotel-casino profits dropped almost 19 percent in the last fiscal year and hotel occupancy rates are down. College officials who remember the sharp cuts in higher education spending that resulted from the recession of the early 1990s are apprehensive that it could happen again.

But for now, the state has plenty of money and growth is in the wind. Vigorous recruiting and a dazzling array of new programs have helped to increase Community College of Southern Nevada enrollment by one-third—from 17,100 to 26,700—in the last three years. Enrollment also has increased sharply at the state's three other community colleges—Truckee Meadows, north of Reno; Western Nevada, in Carson City; and Great Basin College, in remote Elko.

Growth has been slower at the two universities, in Reno and Las Vegas, partly because administrators on both campuses believe that educational quality cannot be maintained if enrollment increases too rapidly.

The 14,300-year-old University of Nevada campus in Reno prides itself on its relatively small size—about 12,800 students this year. The slogan, "Building the best small state university in America," appears on many campus mailing pieces.

An annual growth rate of two to three percent is "all we ought to be aiming for," said Joseph N. Crowley, who has been president at UNR for 20 years. "That offers us an opportunity to control for quality."

UNR does relatively little recruiting of undergraduates and is steadily increasing the high school grade point average required for freshman admission to 3.0, although the minimum set by the system's Board of Regents is only 2.5.

UNR has joined two community colleges—Truckee Meadows and Western Nevada—in planning a new campus at the southern end of Reno that will offer both two- and four-year degrees.

Great Basin, a two-year college in Elko, also hopes to offer bachelor's degree in a few areas—probably elementary education, business and nursing—because of its isolated location 230 miles east of the Reno campus and 240 miles west of the closest four-year institution, the University of Utah.

Carol Harper, president of the University of Nevada, Las Vegas, plans to increase undergraduate enrollment slowly, while adding new graduate and professional programs.
from preceding page

institution, which opened in 1957 and now
has almost as many current students
(20,000) as it has alumni (33,000).

UNLV enrollment increased steadily
until the 1990s, when it flattened out for
several reasons, Huter said in an interview.
There was stiffer competition from the
newly-energized, less expensive com-

munity college; there were long waiting
lists for courses that students needed to
graduate; and a bitter feud between former
UNLV President Robert Maxson and
basketball coach Jerry Tarkanian, which
ended in the departure of both men.

Harter and Provost Douglas Ferraro
are trying to make the university more
“student oriented” by offering classes at
odd hours, to accommodate the 24-hour
basketball coach Jerry Tarkanian, which
which opened in 1957 and now
now

Harter said. “Every district in the state should
say, ‘every district in the state should
designed... wild man,” adding that “one of
buildings on one campus in
niversity

boozes many people on the university.

Harter and Provost Douglas Ferraro
are trying to make the university more
“student oriented” by offering classes at
odd hours, to accommodate the 24-hour
Las Vegas work day; by making sure
students can get courses they need to gra-
duate; and by improving both the student
advising and financial aid systems.

At the same time, UNLV plans to

expand its graduate and professional
programs, which now account for about 25
percent of total enrollment. A law school,
first in the state, will open next fall and
there are discussions about a dental school,
a pharmacy school and other programs in
allied health sciences.

Economic prosperity is the main reason for the
improved fortunes of

A new library, the first campus building
that will be larger than the basketball
arena, is scheduled to open in two years.

All of these efforts produced an en-
rollment increase of five percent last fall,
which is exactly the kind of “planned
growth” that President Har-
ter has in mind.

A more hectic pace has
been set at the Community
College of Southern Nevada
since Richard Moore arrived
as president in October
1994.

Moore said he took the
Las Vegas job after 20 years as
president of Santa Monica
College in California, be-
cause “it was a chance to
jump-start a college.” And he
has done that.

Enrollment on the col-
n-lege’s three campuses has
increased by one-third. The
faculty has almost doubled
in size. This year alone, more

than 100 new full-time

faculty members were hired. The operating
budget has doubled to $52 million in five
years.

Declaring that CCSN no longer would
be the “best kept secret” in Las Vegas,
Moore painted buildings on one campus in
vivid colors and ran neon lighting around
buildings on another.

He increased the size of the recruiting
staff, mailed handsome (and expensive)
color brochures to prospective students,
rang ads on local radio and placed others at
bus stops. “We got the word out,” he said.

New programs have proliferated,
several in collaboration with the rapidly
growing Clark County school district.

Moore calls Brian Cram, Clark County
superintendent of schools, “my dancing
partner,” while Cram refers to the
community college president as “our
designated wild man,” adding that “one of
my jobs is to explain Richard to the
community.”

High school students now take classes at
dall three community college campuses—

Clark County Superintendent of Schools Brian Cram
has worked closely with the Community College of
Southern Nevada, sharing facilities to save money and
provide more classroom space.

High school students attend classes at a Community College of Southern Nevada campus, enabling them to earn college credit
while in high school and freeing up space in overcrowded high schools.

30% this year, 475 next year. For part of
the day, they are in English, social studies and
mathematics classes taught by high school
teachers. For the rest of the day, they take
community college courses, usually two or
three.

This has two advantages—it enables
students to earn about one year’s college
credit while still in high school and it also

Young people in Las
Vegas can make so
much tip money
parking cars or waiting
on tables that earning a
college degree seems a
waste of time. Nevada's
college-going rate of
38.7 percent was lowest
in the nation in 1996.

frees up hundreds of seats in overcrowded
Clark County high schools.

In another Cram-Moore collaboration,
high school and community college
students will share a new campus in nearby
Henderson. High school students will use
the campus in the morning and early
afternoon, leaving it available for com-
munity college students the rest of the day.

High school and community college
students also will share three new “high
tech centers,” to be located on high school
campuses—two in Las Vegas and one in
Carson City, the state capital. The centers
will contain classrooms, computer labs and
administrative offices. They will cost about
$5 million apiece, far less than a new high
school.

This idea “has really caught the
attention of legislators,” said system
Chancellor Richard Jarvis. “Now every
legislator wants one in his district.”

“And they’re right,” Richard Moore
said. “Every district in the state should
have one. Whose child is it who is not going
to get the best education available?”

Moore said he might want to offer four-
year degrees at CCSN, especially in
education. The Clark County school
system hired about 1,800 new teachers this

Nevada by the Numbers

Number of public institutions (six: two universities, four community colleges)

Total enrollment (Fall 1997): 74,655

Number of instructional faculty (1996–97): 1,949

Percentage of high school graduates who go on to college: 38.7 percent (the national average was 58.5 percent in 1996)

Percentage of population (25 and over) with bachelor’s degree or more: 19 percent

State appropriations for public higher education (1997–98): $291.7 million, a 22 percent increase over 1996–97. (The two-year increase of 30 percent was the highest in the nation)

...
Enrollment has jumped one-third at the Community College of Southern Nevada since Richard Moore became president in 1994.

year, only 350 to 400 of whom came from either the Reno or Las Vegas campuses of the University of Nevada.

“Somehow the state has to find a way to educate more teachers,” Moore said. “Maybe we (CCSN) should have our own teacher training institution.”

Moore has persuaded the Boys and Girls Club of Las Vegas to provide volunteer child care so that single mothers can attend community college classes. This year the volunteers are catering for more than 600 children.

In an attempt to reduce the trouble,

Declaring that CCSN no longer would be the “best kept secret” in Las Vegas, President Moore painted buildings on one campus in vivid colors and ran neon lighting around buildings on another.

some Clark County high school dropout rate, Moore agreed to pay 60 “at risk” high school students $6 an hour for two hours a day to learn academic and job skills under the watchful eyes of CCSN mentors.

Moore said 85 percent of these students have graduated from high school, and many have gone on to college.

But the program has been criticized by the major local newspaper, the Review-Journal, and by others in a community that never has been enthusiastic about welfare.

“If we can turn around 85 percent of the worst there is in Nevada, then we can make a big dent in the dropout problem,” Moore said in defense of the program. But he conceded that, “this goes against the ‘make it on your own’ Nevada philosophy.”

The Review-Journal and other critics also lambasted Moore’s vigorous recruitment of international students, a policy he brought from Santa Monica College.

Moore pointed out that foreign students, paying a stiff non-resident fee of $1,759 per semester, in addition to tuition, have produced profits for the college of more than $50,000 so far.

But critics argued that the state’s college-going rate is so low that the money should be spent to recruit Nevadans, not students from other countries.

For the most part, Moore has been well received on campus and in the community.

“He’s the best thing that ever happened to us,” said Ray Rawson, the powerful state senator and Community College of Southern Nevada faculty member. “The previous administration took the attitude that ‘we don’t want to set any precedents; we don’t want to get in trouble,’ but Richard is a possibility thinker. If you’ve got an idea, he’ll say, ‘Let’s try it.’”

Chancellor Jarvis said, “Richard has captured the public arena in this town. He has given the community college credibility.”

But Moore is not beloved by all.

Some members of the system’s Board of Regents also worry about Moore’s expansionist ideas and his way of doing business.

“I have mixed feelings about Richard,” said Shelley Berkley, a regent from Las Vegas and a Democratic candidate for Congress. “I love his energy, and many of the programs he has started are wonderful, but he doesn’t always follow through and he doesn’t always deliver on what he promises.”

“Nobody can say his college is the best-kept secret in Las Vegas anymore,” she added, “but the question is, can he make sure all these wonderful programs actually work? It could be that Richard was the perfect choice for this phase of the college but we might need someone else for the next phase.”

But for now, Richard Moore and the Community College of Southern Nevada are riding high. So is public higher education in Nevada, once disparaged by higher education analyst Tom Mortenson as “the only state that knows how to make money without educating its citizens.”

“Education is the number one priority of this state. People believe it’s important and they’ll pay for it, with increased taxes if they have to.”

—RICHARD MOORE, PRESIDENT OF COMMUNITY COLLEGE OF SOUTHERN NEVADA
Cost Commission Report Avoids Many Issues

By David W. Breneman

David W. Breneman is University Professor and Dean, Curry School of Education, University of Virginia.

The recently released report of the National Commission on the Cost of Higher Education is something of an odd document, attributable perhaps to the circumstances that brought it into being. For more than a decade critics have been attacking higher education for tuition increases well in excess of inflation, and in the late 1980s the Justice Department launched an investigation of potential price and wage collusion under the anti-trust laws, sending shock waves throughout the enterprise.

In recent years, state governments have scaled back appropriations for higher education in a fashion that appears to have been motivated in part by a desire to punish proliferate institutions. The specter of federal “cost containment” has loomed ever-present, and the political jockeying around the composition of the National Commission reflected the sense that this was a high-stakes game, with damaging outcomes for the enterprise a danger.

The well-publicized fact that two of the Commission’s Congressional sponsors condemned the first draft and forced the group to do a hurried revision, adopting a more severe tone, makes it hard to read the final report simply as an analytical document—the political overlay is omnipresent. That said, the report does contain much that is sensible, coupled with curious omissions.

The report makes its most useful contribution in its early pages, where it does a nice job of clarifying the meaning of such ordinary terms as cost, price and subsidy. Our intuition about cost and price is that our consumers—families and policy makers—understand what we are doing and how much it costs. That proves to be the outcome, then the Commission will be viewed by official higher education as a success (and on that point, I would join in that conclusion).

The report fails significantly, however, in that it does not tackle the hard and complicated issues surrounding affordability of college for the next generation of students. It is ironic to read in its final pages that “The Commission’s charge from Congress was really quite simple: Develop a set of recommendations to help keep college education affordable in the United States.”

The reader does not find in the report a rich discussion of how student access, choice and retention will be met in future years, no discussion of the need for a new social contract that specifies how the cost of college will be shared among taxpayers, students and families, and no analysis of the distinctive financial problems facing families at different levels of income. In short, most of the serious issues of affordability are not addressed.

Perhaps that is too much to expect from a short-lived commission operating under severe political constraints, but we should not forget that those issues still face us as a nation. If the true task of this Commission was to fend off federal cost controls, then we should give the members our praise, and thank them for an important job well done. But we dare not feel smug and self-satisfied with the Commission’s effort while the true underlying issues of student access and college affordability remain untouched.

Reflections on the Cost Commission

By Jonathan Brown

Jonathan Brown, president of the Association of Independent California Colleges and Universities, was a member of the commission.

The cost commission was created, in part, on the basis of syntactic confusion between two concepts—cost and price. The confusion between cost and price, should not give solace to those in college administration who think there is no problem. The system of college finance needs some clarification. We need to make sure that our consumers—families and policy makers—understand what we are doing and how much it costs to do it.

With more time, the Commission could have looked at a couple of key issues in more than a cursory way. For example, we could have developed some models of pricing. Assumptions about the appropriate price to charge, after colleges gain a firm under-
standing of costs, is key to maintaining the kinds of access colleges decide to offer. We also did not have time for more than an anecdotal response on the burden of regulation. Stanford's President Cooper estimated that the costs of regulation amount to more than 7.5 percent of revenues. I believe that to be a very conservative estimate. I suspect that a longitudinal analysis would also show that the costs of regulation have advanced even faster than the price of higher education.

Finally, we did not do a careful analysis of a whole set of personnel issues that could be examined, such as changes institutions could make in relationships with faculty and administrators. Those of us who have been around higher education for a long time harbor suspicions about reductions in teaching loads and increases in administration. Those concerns are artfully explained away but they need to be carefully examined.

One of the toughest issues we dealt with was the impact of technology on higher education. While technology has had a profound effect on other sectors of the economy by reducing costs, the experience in higher education, to date, suggests that technology is still a significant cost center; for some reason we seem to have missed out on the benefits. My suspicion is that at some point in the very near future, that will change. However, those who think technology will be a cost saver are wildly optimistic.

The Commission's report will undoubtedly disappoint at least two groups. The first includes those who support explicit or implicit price controls. One of our most profound discussions was whether the availability of student aid could cause colleges to raise their prices. Some advocates in higher education suggest that student aid produces virtually no economic effects. Yet, that assumption is unprovable. If all the general subsidies that are a major portion of finance in public institutions and the need-based subsidies that are increasingly important in independent institutions, did not have an effect, why would we offer them?

The second effect is that the colleges explicitly increase their prices as a result of the availability of student aid—both grants and loans from outside sources. In this area, after a great deal of discussion and reflection, the Commission found no evidence to support the hypothesis that there was a direct price effect. That does not mean that a comprehensive econometric analysis would not suggest a relationship, but with the available evidence; we found no direct correlation.

One commissioned paper suggested that loans not grants, have influenced pricing decisions of colleges across the country. Its author, Arthur Hauptman, argued that since grants are only a small portion of the total resources applied to the price of higher education, their influence on pricing decisions is limited. However, since loans take an implicit cost of providing the education. Hauptman pegs student loans as the culprit in increases in tuition, especially at independent institutions, yet data on college pricing over a very long period of time seem to indicate that prices have risen in an inconsistent pattern outside of the availability of loans. His proposal would have limited eligible tuition (prices) for coverage of loans. What is most odd about this is that the fastest growth in loan volume in recent years came when institutions were either freezing or limiting their tuition growth.

Some of us did spend a considerable amount of time thinking about the implications of proposals that the federal government establish price controls. But neither the argument for specific controls nor the evidence of other price control mechanisms offers any convincing evidence that they will achieve their purpose of success. However, there is considerable evidence that price controls in other areas produce unintended negative consequences.

The second group of readers who will be disappointed by the Commission's report are those who seek a "magic bullet" to solve the problem. We heard from several who offered their version of the Rosetta stone. Those solutions took many forms: abolishing tenure; mandatory restructuring of teaching loads; uniform formulas for administration; implementation of technology; or any one of a number of ideas—many of which are not new. I feel that the Commission was united in its belief that the search for a cost control will yield very little. American higher education has benefited from a diversity of institutions that vary in size, control and mission. To assume that with any amount of time we could come up with one or a number of uniform solutions that would control costs in the same manner for all in the height of folly.

The experience on the Commission was intense. I was surprised and pleased that the Commissioners ended up doing what the authorizing legislation's sponsor asked us to do. The members thought carefully about a range of issues and came up with some ideas that are worthy of implementation. In the end the success of our effort will depend on how carefully our colleagues in higher education consider our work. If higher education does not respond to the substance of the recommendations, we will see another commission created in the next few years that will be considerably less thoughtful about gross regulatory responses.
A Crisis in College Costs

By Bill Goodling

Bill Goodling, a Republican congressman from Pennsylvania, is chairman of the House of Representatives Committee on Education and the Workforce.

Putting money away for college is a fact of life for most families with children. There is no question that higher education is one of the very best investments a family can make, but it also is one of the most expensive. And, it is costing more all the time.

When I return to my district in southeastern Pennsylvania each weekend, one of the first questions constituents ask me is what Congress will do to help ensure that higher education will be an affordable option in their children’s future.

Their concerns are legitimate. To say that the cost of attending college is not spiraling out of control flies in the face of common sense. While taming inflation has been one of the great national achievements of the last ten years, from 1987 to 1996 college costs grew by 132 percent at four-year public universities and by 99 percent at private four-year institutions.

If this trend is allowed to continue, college will no longer be an option for most American families. And while costs have stabilized slightly in the past three years, the tuition prices are still increasing at twice and three times the rate of inflation.

Quite simply, there is a crisis in the cost of higher education. It must be dealt with now to preserve families’ access to the best higher academic system in the world.

The Commission’s recommendations offer a critical snapshot of how the college cost crisis continues to grow. For example, from 1992 to 1993, some 46 percent of college students took out loans to pay their tuition bills, according to the General Accounting Office. By 1995 to 1996, that number had increased to 60 percent. Over the same period, the average amount borrowed grew from $10,080 to $13,269 when adjusted for inflation.

What can be done to reduce the skyrocketing growth of college tuition and make higher education more affordable? Last year, my committee and then Congress moved forward to create the Commission on the Cost of Higher Education to help answer this question. It was tasked with reporting back on real, concrete steps to reduce cost growth. Importantly, most of the Commission’s 16 members were recruited from the higher education community.

After much hard work and serious discussion, the Commission produced a series of recommendations for Congress, the Department of Education and, above all, colleges and universities themselves.

The Commission found that one of the largest obstacles to tackling the problem of tuition inflation is the lack of information available. For such a large investment, families should have access to the latest statistics on what their money—often decades of savings—is buying.

Congress should be the public’s watchdog, performing oversight reviews and holding hearings on rising college costs. Congress should require the General Accounting Office to issue a yearly report on cost increases. Such a report would provide a credible, independent analysis to help evaluate the cost of attending college.

The Commission recommended that the U.S. Department of Education coordinate this effort by working with colleges and universities to develop a clear set of standards for reporting costs and prices. By providing a clear understanding, government can help parents become better shoppers for perhaps the most expensive purchase of their lives.

I think other concrete steps should be taken immediately to help alleviate the cost crisis. Colleges and universities, Congress and the Clinton Administration should view these items as “required coursework,” and should be held accountable by the American public.

Colleges and Universities should:

• Review and reduce burdensome federal regulations. We should require the General Accounting Office to report on the extent to which federal regulations impose unnecessary costs on colleges and universities.

• Examine changes to federal law that would allow more flexibility for colleges and universities.

• Update and modernize the student financial aid delivery system. Congress should conduct oversight of the Department of Education to ensure that the delivery of federal student financial assistance meets the demands of the 21st century.

• Pass H.R. 2356 to modernize the federal financial aid program. This bill would bring the best practices of the private financial services industry to direct student lending.

The Clinton Administration and Department of Education should:

• Call on colleges to cut costs and prices. To date, the Administration has responded to the cost crisis only by calling for more student aid. That’s only a part of the equation. The Administration and the Department of Education should insist on affordability and accountability.

• The U.S. Department of Education should fix the Direct Student Loan Program. The Department of Education must work to lower student default rates, cut red tape, improve internal management systems and eliminate the potential for total program failure, as with the loan consolidation program.

These recommendations are only the starting point. However, they are specific, double and intended to achieve specific cost-saving results. Now that the Commission has made its report, it is incumbent upon everyone—colleges and universities, this Congress and the Clinton Administration—to begin to implement its recommendations.

Not only does our nation have the best system of postsecondary education in the world, it has the best higher education system the world has ever had. Surely, such a system also can analyze its costs and bring them under control.

The Commission’s recommendations provide an opportunity for colleges and universities to demonstrate leadership and accountability to the American public. As the Commission said in its final report: “Although the responsibility of controlling costs and prices is widely shared, the major onus rests with the higher education community itself.”

Page 14

from preceding page

Any discussion about state initiatives that affect higher education cost and price must first acknowledge that each state has its own unique context in which it considers these issues.

The Pennsylvania General Assembly, for instance, this fiscal year appropriated more than $1.6 billion to support higher education. Most of this funding was allocated to public colleges and universities, but included $108 million for private institutions and $20 million for the financial need-based student grant program administered by the Pennsylvania Higher Education Assistance Agency.

These general subsidies to institutions, with little else in the form of statutory or regulatory requirements and expectations, mean that state policy makers in Pennsylvania have minimal influence on how colleges and universities actually use public funds or otherwise establish their priorities.

One conclusion is likely to be drawn from our Pennsylvania circumstances. In 1996-97, Pennsylvania ranked ninth in the nation with state higher education appropriations totaling $1.652 billion. Y et per capita expenditures of $136.86 ranked our state just 47th nationally.

Not surprising then, the average price for tuition and fees at Pennsylvania’s public four-year institutions was the second highest in the country. Few disagree that relatively modest appropriations have contributed to the relatively high sticker price in the public sector.

Policy makers can do more than reduce sticker prices with general subsidies or reduce net cost to students through individual grants. This requires an alignment of policies with expectations. It also requires us to consider all of the levers at our disposal to influence the cost and price of higher education.

Policy makers also should consider the entire range of policy levers available to constructively influence the priorities and practices of higher education, especially public institutions. Statutory or regulatory policy can prescribe or proscri Ze institutional action. Reporting requirements or other steps to ensure public scrutiny can have strategic value. Enhancing the marketplace or empowering the consumer can likewise be effective.

A strategy that provides for the identification of priorities, aligns funding to those priorities, and evaluates results will require a new philosophy and process in many states.

The National Commission did make useful suggestions to the higher education community that should be encouraged by state policy makers as well. Although there may be skepticism about the adoption and implementation of these recommendations by colleges and universities, state policy makers should consider how they can support the most promising suggestions for cost and price control.

In each case, these are institutional actions which might be prompted or otherwise supported by the array of policy levers at the disposal of state lawmakers. State action to support these initiatives at the institution level would be a significant consequence of the Commission’s work and asset efforts by state lawmakers to effectively promote the public interest objective of affordable higher education for all citizens.
A Short History of the Cost Commission

AR AIED WITH A REPORT from the General Accounting Office that said tuition at public colleges and universities had increased 234 percent between 1990–91 and 1994–95, while median household income rose only 82 percent, Republican leaders in Congress set out a year ago to do battle with what they saw as tuition inflation.

Howard P. (Buck) McKeon, a California congressman who is chairman of the House Subcommittee on Postsecondary Education, Training and Lifelong Learning, introduced a bill to create a commission to study the problem.

Initially, the study group was to include people outside higher education—“with expertise in the management of business efficiency and cost reduction programs.” However, when the National Commission on the Cost of Higher Education was announced last August, its members were mostly higher education insiders—four college or university presidents, the chancellor of a large public university system, four higher education lobbyists and two faculty members.

There were no outside experts on management efficiency or cost controls, nor were there any representatives of two-year community or technical colleges, which enroll about one-third of the nation’s college students.

The commission’s budget was $501,000. Its staff director was Bruno Manno, a senior fellow at the Hudson Institute, who co-authored a 1996 article that was sharply critical of colleges and universities for charging too much and for offering too many remedial courses.

After meeting several times, and reading half a dozen commissioned research papers, the cost commission wrote a draft report last November, declaring that “as a public good, higher education, far from being expensive, is priceless.” The draft also said that about 75 percent of the nation’s college students pay less than $5,000 a year in tuition, “about what a decent used car would cost.”

This widely-reprinted statement, and the generally self-satisfied tone of the draft report, drew sharp criticism from the commission’s congressional co-sponsors, Representative McKeon and Representative William F. Goodling (R–PA), who is chairman of the House Committee on Education and the Workforce.

In early December, Goodling and McKeon issued a statement, reminding commission members that their mandate was “to investigate the rising costs of higher education—not to engage in a debate over whether there is a cost crisis.”

“Any suggestion that we don’t have a crisis flies in the face of common sense,” the two congressmen said. “Every American family knows that college costs are too high.”

By the time the commission’s final report—“Straight Talk about College Costs and Prices”—was submitted to Congress last January, its tone had changed markedly. Most of the language about college being a bargain was gone, replaced by gentle admonitions to college and university leaders to cut costs, make tuition affordable and make their financial decision-making less “opaque.”

The final report rejected federal cost controls, arguing that they would destroy “academic quality in higher education.”

The report dwells at length on the difference between the “price” students pay to attend college and the “cost” of providing higher education. Prices have risen faster than salaries, according to the report, because appropriations for higher education declined sharply in many states in the late 1980s and early 90s.

Most of the report’s recommendations are aimed at Congress, the U.S. Department of Education and accreditation bodies. The general thrust is toward fewer and simpler regulations and less rigorous governmental reporting requirements. Most of the recommendations aimed at higher education institutions call for voluntary actions.

The proposals do not deal with the role of states in the rapid rise in tuition and other fees.

Since the Cost Commission report was made public in January, it has been discussed at several national meetings of higher education organizations. Two thousand copies of the report have been printed, at the request of the commission, by the American Council on Education and The Oryx Press.

A few of the report’s recommendations have found their way into the Higher Education Reauthorization Act, which funds most of the national student financial aid programs. That legislation has passed out of committee in both the Senate and the House of Representatives but has not yet been voted on by either body.

Few higher education experts expect the report to have a major impact. “My expectations for the commission were quite low,” said one head of a national organization who asked not to be named, “and I was not disappointed.”

—Kristin D. Conklin and William Trombley

Students Were Largely Ignored

By Sarita Gupta
Sarita Gupta is president of the United States Student Association.

O N A RECENT COLLEGE VISIT, I accompanied a group of students to their journalism class. The professor instructing the class was attempting to field a question when it became apparent that he did not have the precise answer for which the class was searching. However, a student in the class raised her hand and offered a bit of technical insight. The professor kindly deferred to the student, recognizing her experience as valuable, and, at the conclusion of her explanation, he added additional analytical commentary.

This inclusive approach is one we, as students, feel must be adopted for the nation to confront effectively the problem of college cost. Students’ voices are essential in ensuring that questions regarding college cost are challenging and that solutions are comprehensive.

Recently Congress was confronted with the complex issue of the student loan interest rate, which, because of the divergent needs of students and bankers, seemed to have no readily apparent solution. Much like the issue of college cost, this prompts students greatly.

In approaching the issue, leadership of the education committees actively sought student participation in drafting a solution. What resulted was a compromise that will save students billions of dollars while ensuring that bankers can remain in the business of lending to students.

Unfortunately, this same approach was not sought by the National Commission on the Cost of Higher Education. This has lead to a report that does not adequately address the problem of college cost or offer aggressive solutions in which we can put our faith.

In its report, the Commission speaks of “shared responsibility” of various players, including students and families, in controlling college cost. Yet, the Commission offered students no real role in its decision-making process or in crafting its recommendations.

Students were told that we are stakeholders and we have “an obligation to respond to the issues outlined in [the] report,” but we were not invited to sit at the table and present our opinions or to hold others accountable as they prepared an “action agenda” to submit to federal legislators.

We do not make this point simply because we feel slighted, but because we do not feel the best solutions to the dilemma of college cost can be found without student insight.

A student analysis of the Commission’s recommendations:

Strengthen institutional cost control.

We commend the Commission for urging challenges to the basic assumptions governing how institutions think about quality and cost. We also agree that institutions should “conduct efficiency self-reviews and identify effective cost-saving steps.”

However, for these reviews to be fruitful, students must be included in the review board. As the primary consumers of the goods the university sells, students will be among the most vociferous in ensuring implementation, as opposed to just discussion, of cost-saving measures.

Improve market information and public accountability.

We also support the Commission’s recommendation for improved consumer information and public accountability. The United States Student Association (USSA) has been a long-time advocate of a large-scale public-awareness campaign on financial aid, college preparation and comparative analysis of college costs and prices.

Such a campaign can be spearheaded either by the federal government or the higher education community. However, it must be sure to stay focused on providing information in a manner that is not merely accessible to students and families but also attractive enough to appeal to those who believe college is beyond their means.

Deregulate higher education.

We understand the need for relieving certain regulatory burdens. However, institutions will benefit by sharing information on cost, and federal regulations calling for such disclosure are worthy of serious attention. Currently there is a large distrust among students concerning the cost structure of their universities.

We also believe certain regulations, such as those requiring reports on campus crime, need to be strengthened.

Enhance and simplify federal student aid.

When we talk about cost, we must view it in the broader context of access to higher education.
The question of whether federal student aid has fueled the growth in tuitions and other charges has been the subject of heated debate at least since the mid-1980s when Secretary of Education William Bennett argued that colleges and universities were chasing their own tail by relying on federal student aid to raise their tuitions and other charges at a rate much greater than the general rate of inflation.

An alternative view advanced by most higher education officials has been that there is no correlation between increases in federal student aid and the rapid growth in tuitions and other charges.

As is often the case in public policy debates, both positions probably have been overstated.

The proportion of total costs of attendance met through federal student aid—grants, loans and work-study—has increased dramatically over the past two decades. Federal student aid in 1975 represented less than one-tenth of the total costs of attendance in the public sector and less than one-fifth in the private sector.

In 1995, federal aid paid more than two-fifths of the total costs of attendance faced by college students. Federal aid covered nearly one-half of the total costs of attendance for public college students and nearly two-fifths of the costs for private college students.

Federal loans have become a particularly important source of funding for college students and their families. Federal loans accounted for more than one-third of total costs of attendance in 1995, compared to less than one-tenth in 1975.

Given the growing importance of federal loans in paying for college, it is increasingly difficult to argue that they have had no effect on tuition-setting at many institutions. This is not to say that college officials stay up nights figuring out how they can set tuition and other charges to maximize the federal aid eligibility of their students. Many other factors probably play a more important role in tuition pricing decisions.

At the very least, however, the tremendous growth in the availability of federal loans has facilitated the ability of both public and private colleges to raise their tuitions at twice the rate of inflation for nearly two decades without experiencing decreases in enrollment or other clear signs of consumer resistance. In particular, it seems evident that private colleges could not have stabilized their share of total enrollments over the past two decades without the tremendous expansion in federal loan availability.

The potential effect of federal loans on college tuition levels is magnified by the fact that, since 1981, student eligibility for the federal-in-school interest subsidy has been determined by subtracting family resources and grant aid from the student's total costs of attendance. As a result, eligibility for loans and loan subsidies grows as tuitions and other charges increase, constrained by the amount of annual and cumulative loan limits. Thus, whenever federal loan limits increase, the potential link between tuitions and loans increases.

The National Commission on the Cost of Higher Education

William E. Troutt, president of Belmont University, in Nashville, Tennessee, served as chairman of The National Commission on the Cost of Higher Education.

Barry Muniz, who served as the vice chairman, was then chancellor of the California State University system and now is president of the J. Paul Getty Trust, in Los Angeles, California.

Other members were:

- Martin Anderson, Senior Fellow, Hoover Institution, Stanford, California
- Jonathan A. Brown, president, Association of Independent California Colleges and Universities, Sacramento, California
- Robert V. Burns, Distinguished Professor of Political Science, South Dakota State University, Brookings, South Dakota
- Clare M. Cotton, president, Association of Independent Colleges and Universities in Massachusetts, Boston, Massachusetts
- William D. Hansen, Executive Director, Education Finance Council, Washington, D.C.
- Walter E. Massey, president, Morehouse College, Atlanta, Georgia
- Frances McMurtry Norris, vice president for Congressional affairs, U.S. West, Inc., Washington, D.C.
- Blaine M. Toshill, Chancellor, University of Missouri at St. Louis, St. Louis, Missouri
- George W. Waldner, president, York College, York, Pennsylvania.

The fact that the Cost Commission was unwilling to address the relationship between college tuition and student loans does not mean a relationship does not exist.
strengths
By using total costs of attendance, the federal aid formulas also ignore the growing use of
discounting at many institutions. Both public and private institutions have greatly increased
the discounts they provide in the form of grant aid from their own resources. While more
and more students and families do not pay the full sticker price for tuitions, fees, and room
and board, the current aid system continues to calculate federal aid eligibility as though
the stated costs are what people actually pay.
When the discounts provided by institutions are subtracted from the total costs of
attendance, federal student aid in 1995 covered more than half of public sector costs of
attendance minus institutional aid and nearly half of the “net” private sector costs of
attendance.
Although federal policies have not been the principal factor in the growth of college
costs and tuitions, the federal government should consider taking two steps to reduce the
potential impact of federal student aid on college costs:
First, the federal government should no longer recognize total costs of attendance in
determining eligibility for federal loan subsidies. Instead, only a portion of tuition (say, 50
percent) over some base level (e.g., $3,000, average public sector tuition) and a standard
amount of living expenses should be used in determining eligibility for federal loan
subsidies. In addition, there should be an overall limit on the amount of federal aid students
may receive in any year.
The combination of partial cost reimbursement and an annual limit on federal aid would
have other beneficial effects in addition to moderating incentives for tuition inflation.
Federal loan subsidies would be better targeted on students from lower income families,
unlike current policies in which students with family incomes well in excess of $100,000 are
subsidized if they attend high-priced institutions.
While some will argue that the proposal for partial cost reimbursement is a form of price
control, it is not. Institutions would not have to charge below a specified limit in order for
their students to be eligible for federal student aid; nor would the federal government need
to monitor what institutions charge.
Federal price controls and federal monitoring of college charges are inappropriate
mechanisms for dealing with the issue of college costs. However, it is clear that the federal
government has a right and a responsibility to the taxpayer to make a policy determination
about how much of tuitions and other charges it is willing to subsidize.
Second, the federal government should regulate the reporting requirements for
institutions that demonstrate they are doing a good job in administering the federal student
aid programs
Many college officials argue that the costs of complying with a wide range of federal
laws, regulations and reporting requirements have been an important factor in the overall
growth of college costs and tuitions.
In the federal student aid programs, the prevailing philosophy in both statute and
regulations has been to impose the same rules and reporting requirements on all institutions
regardless of how well they administer the federal aid programs. Thus, an institution with
a student loan default rate of two percent must comply with the same set of requirements as
an institution with a 20 percent default rate.
A system of performance-based deregulation could be designed to make distinctions
among institutions, based on a series of readily available program performance indicators.
Such a system is not inconsistent with the federal student aid programs not only would
reduce the costs of high performing institutions, it also would allow federal officials to focus
their limited resources on institutions that demonstrably are not performing at a minimum
level of performance.
The fact that the Cost Commission was unwilling to address the relationship between
college tuition and student loans does not mean a relationship does not exist. The public
still is concerned that college costs too much, and many people take the common sense view
that federal student aid has played a major role in the growth of college tuition and other
charges.
In the long run, the higher education community will be better served by taking
responsible positions on this issue than by hoping it will go away.

A Fair and Balanced Report
By Stanley O. Ikenberry
Stanley O. Ikenberry, former president of the University of Illinois, is now president of the American Council on Education.

The concerns of the National Commission on the Cost of Higher Education

deserve our thanks. The final report, “Straight Talk About College Costs and Prices,”

is thoughtful. It is useful. It is fair and balanced. And I hope it will receive the
attention from the academic community.

The assignment and the context in which the Commission’s work was carried out were
less than optimum. The Congress appointed ten members (Secretary Riley was the
eleventh). This small group, with an even smaller staff, had a grand total of 90 days in which
to complete their work—although the grace of the holiday period provided effectively
another month.
In the legislation creating the Commission, Congress identified the issues, topics and
questions to be addressed, as well as the basic framework within which Commission
members would function. In short, the Commission operated under some very real
constraints.
The task itself was not simple. The financing of higher education—who pays, who
benefits, how the enterprise is managed—is about as complex as any issue I can imagine.
And yet, the Commission members were able to cut through much of this to frame
their observations and recommendations in ways that will be useful to institutions,
to the Congress, and ultimately to students and parents.
Let’s step back and ask, Where did the impetus for the creation of a Commission
come from? In a sense the answer is so obvious we often fail to ask the question.
Any president who is not aware of the public’s concern for college costs and
prices leads a sheltered life or simply isn’t doing his job.

The Commission members were able to frame their observations and
recommendations in ways that will be useful to institutions,
to the Congress, and ultimately to students and parents.

The Commission members were able to frame their observations and
recommendations in ways that will be useful to institutions,
to the Congress, and ultimately to students and parents.

The Commission members were able to frame their observations and
recommendations in ways that will be useful to institutions,
to the Congress, and ultimately to students and parents.

The Commission members were able to frame their observations and
recommendations in ways that will be useful to institutions,
to the Congress, and ultimately to students and parents.

The Commission members were able to frame their observations and
recommendations in ways that will be useful to institutions,
to the Congress, and ultimately to students and parents.

The Commission members were able to frame their observations and
recommendations in ways that will be useful to institutions,
from preceding page

mandations on strengthening institutional cost control, improving market information and
public accountability; deregulating higher education, reaffirming accreditation and enhancing
and simplifying federal student aid.

Also included in the report is a list of additional topics and issues that, due to time
constraints, the Commission was not able to fully explore.

In response to the report, ACE and other associations are in the process of developing a
comprehensive plan to implement the recommendations. The Commission’s recom-

Furthermore, to assist campuses with the implementation of the Commission’s rec-

ommendations, ACE will organize a series of regional meetings to aid college and
university officials with their plans to conduct efficiency reviews and to achieve greater fiscal

transparency.

We must send the message to the public that campus officials care about students’
and their families’ concerns about college costs; that we will take steps to help them understand
their options; the type and amount of aid available; and their eligibility; and most
importantly that we are working hard to control costs and keep tuition down.

The higher education community has a responsibility to get the message out and to
implement the recommendations of the Commission to ensure access to affordable
educational opportunities for all students. We will meet that responsibility.

Defining Cost and Price

By Lucie Lapovský

THE COST COMMISSION’S REPORT has clearly recognized the complexities of the cost
issue for higher education and the confusion surrounding the use of the term “cost”.

The distinctions the commission has made in defining “cost” to mean at least four
different things goes a long way in clarifying this term. The commission notes that cost can
mean: production cost; sticker price (posted tuition and fee price); total cost of attendance
(sticker price plus room, board, books, supplies, transportation, etc.); and net price (sticker
price less financial aid).

These definitions often are used interchangeably, and this imprecision in our use of
language tends to confuse the issues.

The production function for higher education involves the combination of labor and
capital each college and university employs to provide education. The relationship of labor
and capital in the production function has changed over time along with the market basket
of goods demanded by educational consumers in traditional educational settings.

The production function for instruction as distinct from education has become
significantly more capital-intensive in recent years with the addition of more
instrumentation and technology per faculty member. The expectation that technology was
going to increase productivity in higher education instruction has not been realized in the
traditional institutions. As capital is added to the instruction function, increases in labor
also are required.

Institutions without walls are achieving productivity increases with the new
technologies and are operating on a very different production function from traditional

ingstitutions of higher education and from the traditional parts of institutions.

The increasing cost of production of traditional education is motivating many
traditional institutions to diversify their product and offer more than one type of education
using different models. The University of Phoenix is making many institutions reexamine
their paradigms on the delivery of instruction and certainly is offering a no-frills model.

This institution operates with minimal facilities, no libraries and no student services. It
produces higher education. The physical changes which many institutions have been
encountering great adverse publicity about price increases, for a variety of reasons. First,
by selectively discounting from the published price, colleges are able to shape their class in
importantly, their competitors who

The changing population of students who are taking advantage of higher education,
including those with disabilities of various types, has significantly increased the cost of
producing higher education. The physical changes which many institutions have been
required to make in order to be accessible to the mobility impaired cost relatively little
when compared with the ongoing costs most institutions are incurring to provide services
to the hearing impaired, visually impaired and learning disabled—sometimes more than
$40,000 a year for a single student.

The commission discusses three “costs” which really are prices: sticker price, total price
and net price.

Colleges and universities are most frequently taken to task for the run-up in the sticker
price—the published price for tuition and fees—which has occurred over the last several
years. The commission presents data showing that, depending on the type of college, the
sticker price has increased between 84 percent and 341 percent between 1987 and 1996,
and that the net price—considering all financial aid and sticker price—has increased
similarly.

However, the National Association of College and University Business Officers
(NACUBO) institutional financial aid study for independent colleges and universities indicates
that the sticker price of the more than 300 institutions in its study has increased 54
percent between 1990 and 1997, while the net price—considering only institutional
grants—has increased by only 33 percent.

Which price is relevant? At the independent colleges and universities in the NACUBO
study, the rate of discounting for freshmen has increased from 26 percent of the sticker
price in 1990 to 37 percent in 1997. In addition, the percent of freshmen who are receiving
institutional grants at the independent institutions in the study has increased from 61
percent to 76 percent. At more than a third of the institutions, less than ten percent of the
freshmen actually pay the sticker price.

Colleges are motivated to follow this strategy of discounting, even though they are
encountering great adverse publicity about price increases, for a variety of reasons. First,by
selectively discounting from the published price, colleges are able to shape their class in
terms of the types of students they most want. At all but a handful of the most selective
colleges in the country today, financial need is no longer a necessary prerequisite for
receiving aid at a private institution.

For many years we have been comfortable with the notion that Division I institutions
offered athletic scholarships based on ability; now this strategy of discounting to students
with other desirable criteria has been almost universally adopted.

At institutions where almost all students receive institutional grant aid, why is this
strategy followed rather than across the board price reductions? One answer seems to be the
“Chivas Regal effect”: belief in a positive correlation between price and quality. A
second reason is that there is a widespread fear that a reduction in the sticker price will be
viewed as an act of desperation in order to secure students. Furthermore, the few institutions
have made substantial reductions in the sticker price have not had overwhelming success
with this strategy and, perhaps more importantly, their competitors who

Another reason for the strategy of discounting to most students is that we are
a society which wants to get things on

The most significant cost of going to college for most students is the wages
that they would have made had they been in the
labor force full-time.
Is this pricing strategy appropriate for higher education? This is a strategy which relies on imperfect market information to succeed. It results in most classrooms being filled with students who are paying different prices which often are based on willingness to pay rather than on ability to pay. In the past, subsidies to students with a financial need have been acceptable to us as a mechanism for equalizing opportunity; this new strategy must be justified as being necessary to provide the mix of students essential to an appropriate educational experience.

Finally, the commission’s discussion of total price has left out perhaps the most significant component: opportunity cost or foregone wages. The most significant cost of going to college for most students is the wages that they would have made had they been in the labor force full-time. Had they entered the labor force with their high school diploma, they would have earned between $14,000 and $20,000 a year. And since those who go on to college are probably among the more intelligent students, their foregone earnings are likely to be even higher. This is a cost which the students bear directly, and it should be recognized in any discussion of the price of college attendance.

The last issue I want to address relates to the benefits of higher education. The commission has not dealt with this topic. What are the returns from higher education, to the society and to the individual, and how should these impact our perspective on higher education?

Harking back to the human capital writings of Gary Becker and the economic analysis of Denison, the data indicate that a democratic society requires an educated populace. This is substantiated by the direct positive correlation between participation in governmental affairs—explicitly the increase in voting rates—of college-educated people compared to individuals with less education.

There also are other nonpecuniary benefits which are ascribed to higher education. These include lower crime rates and more cultural activities. We must not lose sight of the significant contributions which higher education makes to a prosperous economy and a democratic society. In all of our discussions and concerns about the cost/pricing of higher education, we often lose sight of the greater good. As this country continues to increase its reliance on a highly educated workforce, we need to recognize the benefits of higher education.

One reason for the strategy of offering a discounted price to most students is that we are a society which wants to get things on sale; we want to get a deal.
content it is biased against applicants from poor backgrounds, especially those for whom English is a second language. Garcia argues that the SAT represents a hostile approach to admissions. “The high family aspirations have been washed away by the cold-water reality of bad schools, cultural and social class discrimination and a great, but unwelcoming, university,” the task force said in a recent report.

However, leaders of the UC faculty, which must approve changes in admissions requirements, generally support using the SAT.

“The SAT is not a major hurdle either for Latinos or African Americans,” Keith Widaman, chairman of the UC faculty’s Board of Admissions and Relations with Schools, testified at a recent state legislative hearing. He said a recent survey of 19,000 UC students showed a close correlation between high school grades and SAT scores. “Dropping the SAT would be like discarding a thermometer if you’re sick,” said Widaman, a psychology professor at UC Riverside.

UC faculty leaders and administrators hope that time will help to solve the enrollment disparities, but many concede that political heat generated by the latest admissions numbers might not allow enough time.

A UC eligibility study shows that only 3.9 percent of Latino high school graduates are eligible for admission. “That means 96.1 percent don’t have a place in the UC system, in a state which has the largest Latino population in the country,” said Berkeley’s Hayashi. “That’s a terrible statistic.”

State Senator Teresa Hughes, whose Los Angeles-area district includes a substantial number of African Americans, has proposed an amendment to the State Constitution that would allow high schools, rather than UC campuses, to decide which students are eligible for admission. The Hughes proposal goes somewhat beyond a new admissions policy now in effect in Texas (see sidebar). Anticipating an outcry following the latest admissions results, UC’s leaders have decided to consider admitting the top four percent graduating from each of the state’s nearly 900 public high schools. At present, under terms of the state’s Master Plan for Higher Education, UC is expected to choose its first-time freshmen from among the top 12.5 percent of all the state’s high school graduates, not from individual schools.

UC President Richard Atkinson proposed the four percent solution, which is supported by the blue-ribbon California Citizens Commission on Higher Education. The idea is being studied by Widaman’s faculty committee.

Widaman said he might support something like the four percent idea, if such students meet the university’s entrance requirements, because it could motivate lagging high schools. “We draw mostly from about two-thirds of the state’s high schools and few or none from the rest,” he said. “We’d thus be making eligible four percent from each of these schools, where most of these probably have grades above our (GPA) cut-off point of 3.3.”

UC President Atkinson wants to organize an ambitious $60 million effort for more extensive K-12 tutoring, counseling and research. The aim is to raise educational levels of schools in racial barriers and ghettos, such as those in and around Los Angeles and Oakland, and in isolated rural areas as well, so more graduates of those high schools will be competitive for UC seats.

Privately, experienced UC admissions officials are skeptical about this latest crusade. They say similar “outreach” efforts in the past, led by hastily hired and poorly prepared staff, failed away because they did not make a significant difference. Outreach programs tend to be expensive and almost invariably reach only a small number of students fortunate enough to have motivated parents and teachers, they contend.

“I’m not much of a believer in outreach.” UCLA’s Lifka said. “UC’s been in the outreach business for 20 years. And what has happened to eligibility? It has a positive impact and it’s the ethical thing to do. But will it make up for it?”

At Berkeley, about one-third of the African American and Latino freshmen got there because of outreach efforts. Chancellor Berdahl has assigned 400 student tutors to work in 50 Bay Area schools. Efforts with small numbers showed marked improvement in test scores.

“Berkeley will not, in and of itself, turn around these enrollments” the chancellor conceded. “But it will provide us with partnerships and intervention programs that will work to improve overall performance.”

The chancellor hopes these efforts will call attention to the gaps in quality among public schools, including funding, buildings, teachers, libraries and after-school programs.

Universities like Berkeley and UCLA usually cite three principal missions: teaching, research and public service. But public service usually gets little more than lip service, said a UC faculty leader who asked that his name be withheld. “Now,” it’s one of those put up or shut up situations. If the UC system is honest about a major push (for more African and Latino enrollment), then there has to be substantial money, substantial faculty and staff involvement.”

At Berkeley, faculty members and administrators pin their hopes for regaining a more diverse enrollment on the expanded search for a wider range of talent, ambition, perseverance and character. They hope that application readers, with a year’s experience under their belts, will be able to spot more such students.

Professor Franchot hopes students will be asked to write longer personal statements, not the two pages that were crammed into this year’s application forms. She would like to see an essay written in a classroom within a limited time. Pam Burnette, training director in the undergraduate admissions office, said, “Maybe we should ask them more specific questions about how their circumstances affect their academic achievement.”

Bob Laird, the Berkeley undergraduate admissions director, who has tried to maintain an even keel for his staff of 57 in turbulent and shifting political and legal times, believes important progress has been made this year.

“We have a better understanding of grades and scores,” he said. “We’ve learned that not all 4.0s are the same, and that the level of achievement is nowhere the same.”

UCLA’s Thomas Lifka said he urges colleagues not to use “diversity” as a synonym solely for Latinos and African Americans. Someday, he tells them, “affirmative action” might describe 20 percent of those students who come from families that can’t contribute more than $2,000 annually to meet a $14,000 bill for their son’s or daughter’s year at the Los Angeles campus.

“I try to tell them that we’ll continue to have diversity.” Lifka said. He hesitated and then added, “But it’s hard to overlook the devastating impact.”

Carl Irving is a former political and education writer for the San Francisco Examiner.