

Media Teleconference 11/17/08

CSU Leaders Discuss Budget and System-wide Impaction

Charles B. Reed: Welcome everybody, the two things that we want to try to cover are our budget for both 2007-08 and the last half of this year, and then the budget recommendations for 2009-10 and what may or may not happen. But probably the biggest agenda item that we have is on our ed policy agenda and I have called this system wide impaction and this is something that the CSU has never done.

We have had impaction at two or three of our campuses in the past at Cal Poly SLO, at SDSU where we have limited enrollment through impaction.

Now, I think you all know this but it has been estimated that in the next 20 months, California's revenue is going to decline by about \$28 billion.

About 10 days ago the Governor announced that for the second half of 2008/09 the State's revenue was going to decline by about \$11.2 billion. In making that announcement the Governor included recommendations for reducing state budgets. The CSU's budget we anticipate will be reduced by about \$97 for the second half of this academic year and, the Governor said that going into 2009/10, there would be no resources for growth and potential further cuts.

So, in anticipating that one of the things that I would like to do is to manage our enrollment down by about 10,000 students. We have been, for the last two years, over enrolled by over 10,000 students that the legislature has not funded and we have not received any funding for more than 10,000 students and in doing so help in the future that we could not grow and that we needed to manage down to what the state is paying for and in so doing we have an obligation in providing access that is real.

To that, I mean that students who we are admitting and continue to admit need access to classes, they need student services from our institutions. And so they also need to be able to plan on graduating on time and getting the courses to do that. Now this is a difficult decision that I want the Board to discuss on Wednesday but I think that we are forced into the position that we are because degrading quality and not providing real access to students is a big issue. We can't continue to admit more and more students without receiving adequate funding.

Now this is going to be managed campus by campus and we can later on talk a little about how we are going to do that. On November 30, we plan to close down the applications for admissions to most of our campuses. In the meantime, we will be making a budget recommendation to the Board this week to fund the 2009/10 budget, we

anticipate asking the Governor and the legislature to fund the CSU needs and show those needs to be a little over \$631 million that we will ask to sustain the kind of funding that we feel that we need.

So we anticipate that the alliance that all work together last year with all the labor unions, the faculty, the faculty senate and students will continue to advocate to lawmakers and the Governor on what the critical needs are for the CSU. We are the largest four-year university in the United States and of course in California. We will continue to be the largest provider of the workforce in California.

Let me pause there and ask the Lt. Governor if he would like to make a couple of comments.

John Garamendi: Charlie, yeah, Charlie thank you very much and thank you for your leadership on this crucial matter. Let's start with the fact that the higher education system is the fuel for California's economic growth. It has been for more than three generations and it is today. What we are doing is we are rapidly running out of fuel. We are looking at perhaps as much as 50% of the engineers come from the CSU system, 65% of the teachers and about 80% of California's nurses plus all of the other skills.

The biggest university system in the nation is being is on a starvation diet, and the California economy is going to be seriously weakened if we do not adequately fund this university system. The same goes for the UC system.

There is money in the California economy to continue to provide the fuel for economic growth. We are the 8th, or 7th or 8th biggest economy in the world, we are a two trillion dollar annual economy and we simply cannot afford, and we are talking both long term and immediate, we cannot afford to continue. Already students take five years to graduate. That is extraordinarily inefficient, it's expensive for parents, it is expensive for students.

The only significant revenue increase that the State legislature allowed last year was a fee increase on students. Now that may happen once again but it seems to me particularly troublesome that we are moving away from providing the quality and the ability for kids to go to a four-year institution and we have to address this.

Charlie, your leadership on this, the leadership of the trustees is essential we thank you for that and we have to get the message out to California. If we want to continue to see this economy grow we are going to have to provide the money so that students can get an education and become a productive part of the economy. Thank you very much Charlie

Charles B. Reed: I would like Trustee Bill Hauck to talk about a little about the State's fiscal condition and the consequences of both the mid year cut and the future cuts for 2009/10.

William Hauck: Thank you Charlie. I think that you all know that the State's fiscal condition, as described recently by the legislative analyst, as truly awful as it leads to that and perhaps even more.

I think the situation that we find ourselves in specifically is also generally applied across the board to general fund agencies in the State and it points up as starkly I think as you can point up. The fact that the legislature and the folks in Sacramento that are responsible for the CSU budget have got to face up to the problems that are in front of them rather than trying to find a way to work around the problems because there really are no more work around left.

The CSU system depends predominately on the general fund for about 400,000 plus students who are crucial, as the Lt. Governor pointed out, to the California economy. We graduate in excess of 90,000 students, baccalaureates, each year and they are all out in the workforce in the jobs that were mentioned plus many more. And if we go for a year or two or three or four graduating 10,000 or 15,000 fewer students, that's a pretty quickly going to add up to a lot of people that are needed in the workforce that are not going to be there.

When you add that to the potential retirees, and baby boom retirement in California, there will not be sufficient workforce. In fact there have been studies already that have indicated that we are going to be, in the best of conditions, substantially short of baccalaureates in the workplace and we will not be able to import them. So, the truly awful financial situation that the State now finds itself in has got to be dealt with. It's not unlike the situation we find ourselves in nationally.

Leaves the Board of Trustees of the CSU system in a position where it has very few choices with the respect to the of our ability to serve our students and I will only reiterate the point that the Chancellor made that the last thing in the world we want to do is to diminish quality in the CSU system. That, we will be diminishing the value of every degree that comes out of this university system and we will not do that.

Charles B. Reed: I'd like Trustee Carter to talk a little about you know how difficult it is to curtail access and what we have been doing the last three or four years. Herb,

Herbert Carter: Thank you Chancellor. There are of course major considerations I think that will face the Board as we engage this particular item over the next couple of days. The possibility of curtailing enrollment possibilities in this system, at this point, comes as it seems to me one of the most critical points that any such suggestions that

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For the past five years, we have made tremendous efforts to reach out to students who have historically not been part of higher education in this State. We have had tremendous success in applications from underserved students and communities coming to the CSU is growing on an annual basis, is up probably 20% this year, it will continue to increase.

When you consider that against the fact that in the K-12 sector, probably 2/3rds of the students in this state come from communities of color. And as we look to the future of how this state will continue to be a major economic force, it is absolutely essential that we provide educational opportunity for the emerging majority of minority students in the schools system across California.

It is amazing that we have the unique distinction as an educational institution of giving back to the state in far and excess of what the state invests in higher education. For every dollar that is spent on a student in higher education in this state in the CSU, we give back to the state something in the neighborhood of \$4.75. So this is not charity for students this is in the best interest of the state of California.

It seems to me that the time has come really to begin to look at priorities in the _____ of funds in California, allocation of resources, and that we might need to reassess to put our priorities in terms of the limited monies that are available. I said earlier we give back to the state again considerable amounts of what we get from the state.

California has been a leader in public education for years although our leadership has waned over the last few years. This is not the time for us to look at public education as being second class in terms of the amount of funds that is devoted to the educational needs of young people in our state.

Simply put, we need to have the best possible opportunity for these students who aspire to come to the CSU system and if we do not have resources to provide quality education for them, the effort that we have made to try and attract more students into this institution, and particularly from communities of color, is simply just a false promise.

We should not be part of a process that brings students into an inferior educational process and it will be inferior if we don't have the resources to provide quality. So, access without quality is meaningless and we can't have access unless we have the level of funding that is required to support the educational aspirations of the people in this state.

Q & A

Lisa Krieger, San Jose Mercury News:

Question for Chancellor Reed. Can you give us a number of the total student body now and what it would be under managed enrollment?

Charles B. Reed:

It's approaching about 460,000 and what we think with managing this enrollment downward it would be slightly above 450,000.

Lisa Krieger:

Thank you and a follow-up question: Do you need the Board's approval to move forward and if so or if not, when might we expect a decision?

Charles B. Reed:

The Board had already in 2001 delegated to the Chancellor the authority to declare impaction. I have done that at San Diego State and Cal Poly San Luis Obispo and, at the time, at Cal State Long Beach. So, no, I don't need their authority, but I do need to consult with them and I think that I would do it very shortly after the Board meeting so that we give everybody as much advance notice to make this plan as possible.

Lisa Krieger:

Thank you.

Gail Holland, The Los Angeles Times:

Who are the students that you expect to lose? I mean are they from certain groups or certain parts of the state?

Charles B. Reed:

Let me try to kind of quickly go through the impaction priorities. The first is we will give number one priority to all of our existing students who were enrolled with us—freshmen becoming sophomore, sophomores—juniors, juniors—seniors. Second, we will accept all fully eligible community college students. So, every community college student that has an AA degree, has 60 credit hours that they're transferring, we will accept those students. Third, now here we start to get more into impaction. We will accept all first-time freshmen who live in the service area of one of our campuses. In other words, in San Diego, at San Diego State, they will accept all of the local San Diego County students. San Marcos will accept all of the Northern San Diego first-time freshmen. Then, after that they will not accept all of the out-of-area first-time freshmen or the community college students who have not met full eligibility. So those are some of the kinds of ways that we will manage this. There will be students in San Francisco who will want to go to Long Beach or want to go to Chico or want to go to San Diego State who will not be able to get in.

Gail Holland:

Well is that to say then, that wouldn't that mean that the students from Los Angeles/Orange county area would be impacted more heavily because there are many more of them?

Charles B. Reed:

Well, you know, let me ask...

Gail Holland:

I mean many more of them who want to go to other districts?

Charles B. Reed:

Let me ask Allison Jones who is our Admissions person.

Allison Jones:

When you talk about the campuses in the LA/Orange county area, Long Beach is impacted, Fullerton is impacted, and Pomona. But you have, remember, that those that the Chancellor has just indicated. Students from their local service area will continue to be admitted based upon systemwide admissions criteria. In addition, they have options locally at other CSU campuses, San Bernardino, Dominguez Hills, Los Angeles, Northridge.

Gail Holland:

But that wasn't my question. My question was, is it the case now that students from the Greater Los Angeles area are in the greatest numbers trying to go to other districts?

Allison Jones:

Well, I was just about to say, in our experience for the CSU, most of about 80-85% of our students go to their local CSU campus. So, we don't have that, that cross-state migration as much as you would think that occurs in the other systems in the state of California, like the University of California. But the fact is, they would still have access to all of the non-impacted campuses statewide or those campuses are not impacting as result of the demand.

Charles B. Reed:

But to answer your question, if they want to go to San Diego State they might not be able to get in. If they want to go to Northridge or San Francisco State, they might not get in.

Gail Holland:

Thank you.

Jake Henshaw, Gannett News Service:

Can I follow up on that one?

Claudia Keith:

You have to speak up.

Jake Henshaw:

Yeah, I'm sorry. Ahh, this is Jake Henshaw from Gannett News Service.

Claudia Keith:

Jake, you have to speak up. We can hardly hear you.

Can you hear me? Can you hear me better now? Is that better? OK.

Claudia Keith:

Yes.

Jake Henshaw:

I wanted to just... What effect... What does this mean in terms of the admission requirements? There was just brief reference to that. In other words, students that are in San Diego, to use the example that was cited, would they continue to be subject to the

current admission standards? The one-third standard under the Master Plan or would they be under that plan or somebody from San Francisco, in effect, would be under a higher standard? I mean what effect...

Charles B. Reed:

OK, you figured it out. The local students in San Diego county that are eligible, that have a B average, the A-G coursework, the top-third of their class, they will seek admission and be admitted at San Diego State. San Diego State will then build a list, a priority list of out-of-area students and they'll probably use the priority based upon higher academic standards for out-of-area students. They will be admitted first by the university over less qualified students.

Gail Holland:

And what would the standards be that they are going to be reviewing? Would it be simply grades or would it be test scores?

Allison Jones:

Yes. Typically it is grades. It would be test scores that would be required. In some cases, the campus will require students to outside the local area, to complete, if they are upper division transfer students, more than the minimum 30 general education requirement. First time freshmen, they could require that they complete more than just the minimum 15. So there's both an increase in academic preparation in terms of coursework, but most of it relies primarily upon the student's grade point and test scores.

Marla Fisher, The Orange County Register:

Excuse me, this is Marla Fisher, The Orange County Register. So, Allison or Charlie, so who is getting shut out here? Who is not? Because, theoretically, everyone would still have the opportunity to go to CSU it's just in their local area. But obviously, somebody is getting shut out here. Who is that? Returning students? Are they the ones getting shut out?

Charles B. Reed:

No. Returning students have the first priority.

Marla Fisher:

OK, so who is it you are seeing as being dropped of the list there?

Charles B. Reed:

OK, here's who I worry about most. Many students in California and in the high schools have a culture of applying late to the CSU and late being defined as after November 30. Number two: Many of these students, as Trustee Carter said, come from families that are underserved and families of color. They are not sure how about to get together their finances to be able to go to college. They are unsure about financial aid and when and how to apply for that. So that hesitancy will put them at a disadvantage. Thirdly, you know some of those students will not make up their minds until the spring and one of the things that we have said about impaction is that we will not accept any students after

March the 1st of 2009. That is different than what we have done in the past. And so, getting the word out to these students about applying by November 30th is very, very important. But it really will impact students of color from the underserved communities. I hope that if they don't apply to us, that they will be applying to their local community college.

Eric Kelderman, Chronicle of Higher Education:

This is Eric Kelderman from the Chronicle of Higher Education and I have a question for you.

Charles B. Reed:

OK.

Eric Kelderman:

Did you say that you are not accepting any applications after November 30? Is that right?

Charles B. Reed:

No. We will accept applications after November 30 at some of our institutions. At some, we will not. We already know how far over enrolled San Diego is, Fullerton, Long Beach, Northridge, San Francisco, some of those campuses. They will not be accepting applications after November 30.

Eric Kelderman:

Do you have a definitive list of those institutions?

Charles B. Reed:

No. I don't. We don't have that list because we are going to be talking with Presidents this Wednesday afternoon after the Board meeting. Now, they will, in a wave, close out their enrollments. I have seen a few institutions say that December 12 that they will not accept applications after that. What I have said is at our campuses that are not as over enrolled; they may accept applications up until March 1st but not after that.

Eric Kelderman:

How are you going to communicate this to everybody adequately so that they know when they have to apply by?

Charles B. Reed:

We will do the very best that we can on getting the word out. We have put the word out through the press, through the media. We had a large rock star bus traveling throughout California during the month of September and couple weeks into October about the dates that students needed to meet. They went to the largest high schools, to the conferences of the high school counselors, shopping centers, and what have you.

26:55 Unknown:

Have you guys networked with some of the Spanish speaking media since some of the most impacted communities are the minority students?

Charles B. Reed:

The answer is yes. We had a television call-in at Univision in October. We manned a call-in from about, I guess, five o'clock in the morning to nine or ten o'clock. We have gone out on You Tube in order to get word out through You Tube to as many students as we possible can.

John Garamendi:

Charlie, this is John Garamendi. Charlie, bottom line of all this is that there will be ten thousand qualified California graduating seniors from the largest graduating senior class ever in California's history that will not get into the CSU system as a result of the budget cuts and the probability that next year's budget will be even worse. I think, that's the bottom line.

Charles B. Reed:

That's the bottom line and we hope that those students would apply to a community college and then transfer to the CSU in two years.

John Garamendi:

Well, the other bottom line is that the community colleges are similarly impacted and they do have space either.

Marla Fisher, The Orange County Register:

What about Veteran's? Like let's say I'm in Iraq right now and I'm coming back and then I want to reenroll at the CSU? Am I just going to be shutout?

Charles B. Reed:

We have provided priority to all veterans and members of the military service. As a matter of fact, last week on November the 11, we made an announcement that every base commander in California could recommend students to our institution.

Marla Fisher:

And also, could you explain how this affects out-of-state students? Foreign students, are they affected at all?

Charles B. Reed:

Out-of-state students have the lowest priority of all of the students. We will take all California residents first before out-of-state and foreign students are admitted.

Lisa Krieger, San Jose Mercury News:

Wondering, Chancellor Reed, if you can explain the reasoning behind geography being the basis for managed enrollment and secondly, are there students who are not in a service area and what happens to them?

Charles B. Reed:

The way that geography has worked is really based on the Master Plan in California with the 23 institutions being distributed in some reasonable regional way and that there had been a long history of students being able to attend their local CSU institution and being commuting or students that can drive to the campus and back. And so, what we have traditionally tried to do is provide access to those students rather than requiring those students to stay in a dormitory or travel many miles of distance where they can't get home at night. And if they were guaranteed admission to their local institution if they met the eligibility criteria. Now everybody is assigned to some institution, so we don't have any areas of California and I know in northern California is pretty sparsely populated but Humboldt, Chico, Sacramento, and Fresno have those areas covered.

Doug Hoagland, Fresno Bee:

Chancellor Reed, this is Doug Hoagland of the Fresno Bee. Can you tell me if you plan to make any accommodations for those campuses who have specialty programs like Cal Poly with Architecture where, how will you handle wait-listing based on geography for those specialty programs?

Allison Jones:

When it comes to the specialty programs it is still based upon the place of residents, those of the local area. For certain type of areas for Nursing or students going into Science and Engineering, Math and those areas, particularly those interested in teaching may in fact, at some of the institutions, have an additional opportunity that others don't in terms of an exception, but only in those critical areas that have been identified by the state as needing additional men and women moving into that type of a work force. But otherwise, the local area criteria applies and the out-of-area higher criteria will apply for those campuses needing to manage their enrollment.

Doug Hoagland:

I'm sorry is this Allison Jones?

Allison Jones:

I'm sorry. Yes.

Doug Hoagland:

OK, Mr. Jones, could you address one other issue and this is a very specific question because Fresno State has one of the few Division I football programs? What about athletes in all of this?

Charles B. Reed:

You know, the institution will manage the admission of all of their students and some of their students have very special competence that will be taken into consideration.

Doug Hoagland:

Are you saying that like a good football player from LA gets to come to Fresno State?

Charles B. Reed:

I'm saying is a good person that is a musician or in the theatre or a great artist will probably get some additional consideration.

Doug Hoagland:
Will that include athletes?

Charles B. Reed:
That will include athletes also. Men and women.

Walter Yost, Sacramento Bee:
This is Walter Yost with the Sacramento Bee. Chancellor Reed, just to clarify, since many of us are looking for a local angle on this story. If I contact CSU Sacramento today, they won't know, in fact, if they are closing their applications for admissions on the 30th?

Charles B. Reed:
Probably not. But by November 1st

Unknown:
December 1st.

Charles B. Reed:
December 1st...

Walter Yost:
OK.

Charles B. Reed:
...they're going to know whether they can stay open another week or so, or not.

Jake Henshaw, Gannett News Service:
Can I follow-up on that? I want to be sure I understand. Are you saying Chancellor, that the results of this process or the approach you are taking is going to result in ten thousand less or is each campus actually going have some sort of quota that they are suppose to be down? Five percent or whatever the number would be from their previous or you know, from their current year projection?

Charles B. Reed:
We are going to assign to each and every university, all 23, an enrollment quota and they are to manage to that number.

Jake Henshaw:
When do they get that number?

Charles B. Reed:
They have that number.

Jake Henshaw:

They have that. So, we call them up, just to back up Walter's question, so if we called them up today we could find out what that number was even though...

Charles B. Reed:

That's correct and that number is going to be the same as the 2007-08 enrollment that we have, that was funded?

Jake Henshaw:

That was funded? So, which was 10,000 below, less than the prior year.

Charles B. Reed:

That is correct. That is correct.

Jake Henshaw:

Speaking of numbers, can I ask one other quick question on numbers? Switching to fees for a second, is there a chance of fee increase here for the Spring/Winter semester?

Charles B. Reed:

I don't want to get into that cause one I don't think it's appropriate. Two, I don't think you can ever take everything off the table. Ah, but a lot of that depends upon what may happen in November, December in the legislature and what the Governor's recommendations are. But, the Board will be adopting a 2009-10 budget this week and then Board will make decisions after that.

35:51 Unknown:

That budget will assume only a certain level of fee enrollment right?

Charles B. Reed:

The budget will assume an enrollment number and it will also assume a revenue level.

Marla Fisher:

Hey, Charlie it's Marla Fisher again. Um, so the campuses that I cover which is Long Beach and Fullerton, they are already impacted. They are already under special impact plans, so what impact is this going to have on them? Have you given out a number or percentage that by which all the campuses will have cut across the board?

Charles B. Reed:

They are going to have to reduce their enrollment. What I anticipate those two institutions doing is setting higher admissions standards for the students that they will be admitting for 2009-10.

Marla Fisher:

And that would be for the students outside of their local area?

Charles B. Reed:

That is correct.

36:46 Unknown:

Just to clarify are you saying then that as of November 30 some people who want to go to a certain campus may find that it's closed or may find that it's still open, so they are taking their chance?

Charles B. Reed:

They may find that it is closed. They may find that the institution is open for another week or two. There may be an institution or two, and you know I'm going to say San Bernardino, East Bay, Dominguez Hills may be open all the way to March the 1st, but it will only be three or four of the institutions out of the 23.

Lisa Krieger, San Jose Mercury News:

Can you tell me if the service areas have been delineated yet, geographically?

Charles B. Reed:

Yes, and they have been for years. In 2001, the Board of Trustees reaffirmed those service areas.

Lisa Krieger

OK, so like, for instance, San Jose State would be able to tell us what their service area is?

Charles B. Reed:

That is correct.

Lisa Krieger:

Thank you.

Christy Coale, KALW:

I've been speaking with students, who've actually, seniors in high school who have applied and have been accepted already, and the deadline hasn't passed and I was kind of surprised that the acceptance came back so quickly. So, I'm wondering if there's also an element, you know, if students get their applications in earlier that increases their chances?

Allison Jones:

No, it doesn't. The campuses, the campus, any student who are impacted campuses or a campus that stops accepting applications on November 30 if they meet the admission standard, let's say for the impacted campuses that have been published the higher standard for out-of-area they will be admitted up through those who have applied on November 30 as well as those in the local area. The campuses primarily that have been issuing admission letters are simply those that have completed their files, but it does not

shut out any student who is going to apply to that campus between now and November 30. They will receive the same consideration in the same way. They simply know what their enrollment target that they have, the applicant pool that they are receiving, that they can start already with the rolling admission base.

Doug Hoagland, Fresno Bee:

But to follow-up on that question.... I've spoken to the enrollment guru at Fresno State that has a question. He has already received applications from some students outside the Fresno State service area. Those students have been admitted, are those admissions are going to be revoked now until they take all the qualified freshmen from the service area here?

Allison Jones:

No, they won't. What the campus has done is that they have identified, they know historically how many students from the local area will be applying. They've essentially reserved those slots. Those students will float to the top and be admitted. This is why enrollment management isn't a science. And it's very difficult to hit your target right on the button. That's why so many of the campuses have gone over a little bit and we're asking them managed down closer down to their enrollment target. So, no, those students they've already hit out-of-area, they've already met the higher admission standards set by the campus. The higher admission standards for those campuses that are doing this already are not going to float up and down. They've already established what that criteria will be and they're admitting against that higher criteria now. Some of the other campuses will wait until they see their applicant pool on November 30 and then they will determine what controls need to be put into place in terms in ranking the students from the highest to the lowest as the Chancellor said early and start admitting from the top of that list. It really is a question of demand at that particular campus and how they fashion their enrollment management approach.

Sarah Phil, Prompt 4 news in San Francisco:

Just to confirm that San Francisco is an over enrolled campus, does that mean that they will not be accepting applications from anyone after November 30?

Charles B. Reed:

Oh, you know I saw where San Francisco State has decided to stay open for applications until December 12.

Claudia Keith:

We are going to take one last question.

Jake Henshaw, Gannett News Service:

I had a question. Looking at higher education system as a whole, every segment, as I understand it, is basically saying what you're saying today Chancellor—that they're going to have to actively manage reduced numbers and I just wonder what that message is to students, is there any effort to try to coordinate that? It sounds like community colleges could really be the ones to really be the ones to take the biggest hit here. How

does the system deal with that? And what does that say to students who want to get in? In particular, I think, one of the speakers mentioned this being the largest graduating class the state's seen.

Charles B. Reed:

Well, you are correct. And the community colleges will probably be, as Trustee Carter said, the most affected higher education institutions in California. On the other hand, it's the responsibility of the Governor and the legislature to fund access. As a matter of fact, if you look at the statutes and the Master Plan in California it says that the Governor and the legislature will fully fund access and that's not what's happening.

Claudia Keith:

OK, Allison Jones will be around this afternoon for some of these real specific questions. We appreciate you joining us today. This will be posted on the web following the transcription.

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