

The City University of New York



**Chancellor Matthew Goldstein
CEI-PEA Luncheon Address
Investing in Futures: A New Compact for
Public Higher Education
Thursday, November 17, 2005**

Thank you, Sy. My thanks as well to Judy Berkowitz, the chair of the CEI-PEA board. I am very pleased and honored to be with all of you this afternoon. When I spoke to you earlier this year, in February, I talked a bit about private investment in higher education. Today, I'd like to focus more on the public side of higher education funding.

As most of you know, across the country, the funding of public higher education has changed dramatically. Jim Duderstadt, a friend and former president of the University of Michigan, said it this way: “We used to be *state-supported*, then *state-assisted*, and now we are *state-located*.” And, as time goes on, we are in danger of becoming “*state-molested*.” Over the last several years, the proportion of college budgets covered by public funding has decreased, while the share covered by tuition has increased. Nationwide, between 1980 and 2000, the share of universities’ operating expenses paid for by state tax dollars was cut by 30 percent.

At CUNY, we, too, have seen a dramatic drop in state aid over the last couple of decades. When adjusted for inflation, state appropriations to the University have declined by almost 34 percent since 1991. Last year, state aid constituted only 46 percent of the University’s operating budget. The result, at CUNY and nationwide, is that colleges and universities are struggling to meet their operating costs, and students are bearing a greater share of that burden as we increasingly rely on tuition to meet operating expenses. This has enormous consequences for the future of public higher education.

We know that this is a major concern in New York State, and across the country. Just last month, The New York Times ran an article called, “At Public Universities, Warnings of Privatization,” which stated the problem clearly: “Taxpayer support for public universities, measured per student, has plunged more precipitously since 2001 than at any time in two decades....” I found it particularly interesting that this story ended up as one of the Times’ most e-mailed articles at that time. People across the country—parents, especially, as well as the millions of us who have benefited from public higher education—are very worried about this trend.

And more and more people are also taking note of the growing divide between those with a college degree and those without—because that divide usually splits across economic lines. Earlier this year, it was reported that only about one in 17 young people from this country’s poorest families will earn a bachelor’s degree by age 24—but better than one in two from the wealthiest families will earn that degree.

The main reason for the divide is obvious: money. Over the last decade, the actual cost of a college education as a percentage of income has increased substantially more for poorer families than for the wealthiest families. That financial reality, along with the complexity of life for low-income students, can dissuade good students from even pursuing a college education.

I don’t have to tell you that this divide has serious economic and social impacts. For example, one of CUNY’s major concerns has been the disproportionately low participation of black and Hispanic men in higher education. Despite increases in minority enrollment across the country, the gap in participation rates for white, African American, and Hispanic high school graduates has widened. When I spoke to this group in February, I described our initiative to address the serious challenges facing black men—including, but certainly not limited to, the financial barriers I’ve just mentioned. After months of intense work, a University task force has submitted its final report, and we will proceed with several of its recommendations, as detailed on CUNY’s Web site.

But there is much more to be done to reach *every* student—at both the national and state levels. Unless we take steps to increase public support, keep tuition manageable, create new revenue sources within our universities, and aggressively seek external partnerships, the promise of equal opportunity that is at the heart of public higher education will continue to erode.

And it does so at a time when higher education is, more than ever, a necessity. A fast-moving global economy demands highly skilled and adaptable workers. Quite simply, the United States is failing to meet that need. In his book, *The World Is Flat*, Thomas

Friedman tells an anecdote that perfectly illustrates how global connectedness and new technologies have changed economic competition. When he was a child, he says, his parents used to tell him to finish his dinner because people in China and India were starving. Today, he tells his children to finish their homework because people in China and India are starving for their jobs.

This country must keep pace with this flatter, faster world, particularly in the areas of science, math, and engineering. In 2000, the proportion of the college-age population earning degrees in science and engineering fields was substantially larger in more than 16 countries in Asia and Europe than in the United States. The business and research communities have taken notice of this fact. Earlier this year, the Business Roundtable led a call to double the number of science, technology, engineering, and mathematics graduates by 2015. The group pointed out that the percentage of students planning to pursue engineering degrees decreased by one-third between 1992 and 2002. And the National Academies just convened a panel of experts that made an urgent plea to increase this country's scientific competitiveness. Among other things, the panel noted that 12th graders in the United States performed below the international average for 21 countries on general knowledge in math and science. Bill Gates would agree with the panel. The chairman of Microsoft recently said, "When I compare our high schools to what I see when I'm traveling abroad, I am terrified for our workforce of tomorrow."

Here in New York City, test scores reported just last week showed that eighth grade science test scores dropped eight percentage points in the past two years. Among high school students, only 7 percent passed the physics Regents exams and just 18 percent passed the chemistry Regents exams.

In sum, public higher education is facing its most serious challenges in decades. All of you—my colleagues in the educational community—know this to be true. And it can only be addressed by fundamental change.

At CUNY, we have already begun to address these challenges. In February, I told you that this would be the “decade of science” at the University. New work in four major areas is helping to ensure a healthy pipeline to the science, math, technology, and engineering fields.

- First, we will see a dramatic increase in the construction and modernization of science facilities around the University, including a new science building at City College, the total refurbishment of another, and a CUNY-wide advanced science research facility concentrating on emerging disciplines, such as photonics, nanotechnology, biosensing and remote sensing, structural biology and macromolecular assemblies, and neuroscience. Over the next decade, we will be expending about \$1 billion across the University on science projects alone.
- To ensure that students are ready for the rigorous college curriculum in science and math, we will also introduce a “Science Now” program for high school students, modeled after the University’s highly successful College Now program. Chancellor Joel Klein and I have agreed that CUNY will work collaboratively with the Department of Education to create awareness and interest in science disciplines, work with struggling students, and give promising students opportunities to take University classes and participate in hands-on experiments in our many active laboratories.
- We will also offer full tuition scholarships to a select group of students coming to our Teacher Academy: specifically, to those who become math and science middle and high school teachers and who agree to a minimum two-year commitment to teach in a New York City public school while pursuing a subsidized master’s program at a CUNY campus.
- Finally, we have begun an operational review of our Ph.D. programs in the laboratory sciences, leading to new investments in graduate student support for highly competitive students, Ph.D. degree-granting authority for some of our flagship environment campuses, expansion of master’s programs as feeders to the Ph.D., and a commitment to hire a new generation of scholar/teachers in emerging disciplines in science.

I am pleased that over the next decade, we will pursue these and other ways to support the excellent and wide-ranging work in the sciences already undertaken by our faculty.

But we must also address higher education's urgent funding dilemma. Obviously, students cannot be asked to carry a continually increasing share of our operating costs. Likewise, it is unrealistic to expect the State of New York to be the only provider of our escalating needs, given the runaway costs associated with the social and health-care requirements of growing segments of our society. History demonstrates the results of this formula for CUNY: tuition spikes of 25 percent or more in 1992, 1993, 1996, and 2004. Since 1991, public support per full-time equivalent student at CUNY has increased by 6.8 percent—but tuition revenue per full-time equivalent student has grown by 177 percent.

It is particularly distressing to me that this funding disparity comes just when CUNY's performance has greatly improved. The University has recorded its highest enrollment in 30 years while significantly raising academic standards, admitting better-prepared students, and enrolling more students from select public high schools. At least 97 percent of CUNY graduates who take the state's rigorous teacher qualification tests pass them, up from 62 percent during the 1990s. Our new comprehensive performance management system ensures accountability throughout the University in part by tying attainment of goals to compensation. And our award-winning students are competing successfully in state and national arenas.

We owe it our students to give them the most enlightened intellectual experience we are capable of providing. Public higher education must be a public priority, just as it is a public good. It's clear that we must re-envision our partnership with the state in order to ensure that every student is encouraged and enabled to pursue a college degree.

That is why I'm proposing that we make a compact—a new approach of true investment in the University, one that focuses on a shared investment in the future, rather than on pieced responses to economic fluctuations. Without a very different approach, our public

university systems simply will not be in a position to provide the academic experiences our students expect and deserve.

SUNY and CUNY already plan extensively for the future, developing Master Plans every four years to create a blueprint for new faculty, academic initiatives, and student services. The plans are the result of a long and thoughtful process, with the consultation of the campuses, the faculty, and the students. However, while CUNY and SUNY are required to adopt Master Plans, subject to the approval of the regents and forwarded to the governor, there has been little or no funding to support the initiatives in the Master Plans.

CUNY will require more than a half a billion dollars in additional resources over the next four years to fund its Master Plan. Of that, about 60 percent—or over \$300 million—will be needed just to cover the costs of maintaining current services. The remaining \$200 million will fund the new investments in the Master Plan.

The top investment priority of our Master Plan is the hiring of full-time faculty. Over the next four years, the University plans to invest in 800 new full-time faculty, in order to bring the percentage of instruction taught by full-time faculty to 70 percent. The Master Plan also calls for the enhancement of our research capabilities; improvements to undergraduate and graduate education, and to academic support programs, such as our collaborations with the New York City Department of Education; and investments in student services, such as advising and child care.

In other words, we carefully and deliberately plan for the University's future, but, up to now, we have not had a way to pay for it. I'm calling for a brand-new approach—a multi-year compact to share financing among partners. By asking the state and the city, the University, its friends and alumni, and its students to make a compact to support the University in a shared partnership—in essence, each stakeholder leveraging their support from one another—I believe we can ensure our continued progress and give our students better tuition stability and a greater voice.

Specifically, the plan would ask for the following:

1. First, the state and the city would commit to fully funding the University's mandatory costs—things like energy and labor contracts—and to funding 20 percent of the programmatic initiatives in the Master Plan.
2. Second, the University would make an unprecedented commitment to philanthropic funding, in order to enhance the investment initiatives. Last year at this time, we officially launched our “Invest in CUNY, Invest in New York” campaign. Today, I can tell you that we have raised more than \$650 million toward our \$1.2 billion goal. I have been deeply gratified by the generosity of our friends and alumni—including last month's \$26 million gift, the largest in City College history, from Dr. Andrew Grove to the School of Engineering (which I am recommending be renamed the Grove School of Engineering); a \$4 million scholarship endowment to our new Graduate School of Journalism from Marian Heiskell, Ruth Holmberg, and Judith Sulzberger, the sisters of Arthur “Punch” Sulzberger, the former publisher of the New York Times; and over \$40 million to Baruch College from William and Anita Newman, leading to the naming of the college's vertical campus for them.
3. Third, the University commits to an internal reshaping of its budget in order to direct more resources to the classroom. Through redeployment and efficiency measures, as well as changes to personnel practices, our college presidents will be given the tools they need to reshape their budgets, and we will redirect resources to meet our Master Plan priorities.
4. Fourth, the University plans for managed enrollment growth, through more integrative programming among our colleges. Right now, we have recorded our highest enrollment in three decades, and we expect to continue to attract new students, including increasing numbers of students of high academic achievement.
5. Finally, the plan calls for modest tuition increases, not to exceed the Higher Education Price Index over the life of the plan. The increases would have two major differences from those we have seen in the past. First, the revenue from the increased tuition would go exclusively toward funding aspects of the programmatic component of the CUNY Master Plan—with recommendations

from students and faculty, including elected representatives, about how the money should be invested. It's the students' money; they should get a voice in how it is spent. Second, the increases in the proposed plan would not be large or unexpected. The last four senior college tuition increases have averaged more than 31 percent. Under the proposed plan, the average increase would be modest. And, of course, those increases would go toward improvements in program quality.

I should note, too, that well over 90 percent of students with family incomes under \$55,000 and covered by the state's Tuition Assistance Program (TAP) would see no increase in tuition payments. For these students, essentially all of the additional tuition charged would be paid for. Much of the increase for other students would be covered by increasing TAP and other financial aid.

Financial aid programs are particularly important to our consideration of public education funding. In order for parents and students to plan for the financing of a college education, student financial aid has to be protected from the annual budget battles. The state's public policies on student aid should include safeguards that take into account the years needed for students to graduate so that the available funds are assured and families can take the necessary steps to fill in the gaps.

Like any compact, our plan will work only with cooperation and agreement among the partners. It is self-leveraging; if each agrees to put in a share, each gets the benefits of the whole. The plan requires a shift in thinking, from a year-to-year model to a multi-year model—just as our Master Plan covers multiple years. The result is that, over time, the share of our operating expenses paid for through public funding would grow, while the share covered by tuition would shrink.

Given the outstanding work being done by CUNY students, I believe we have an obligation as a public institution to make this compact. We must ensure manageable tuition and fund the initiatives that will move the University forward. A few examples

will make that clear: let me introduce some of the outstanding students I've been referring to.

- Claudio Simpkins, of City College, was one of only 75 students nationally—and the only student in New York City—to win a prestigious \$30,000 Truman Scholarship, which recognizes students with exceptional leadership skills who are committed to public service;
- April Mojica, an English major from Medgar Evers College, was chosen as a Thurgood Marshall Scholar, one of a select group of students from across the nation recognized for their exceptional academic and creative performance;
- Jeff Carnell of City College won first prize for architectural design—the highest individual design award—and led the team for the highest group recognition award in the prestigious American Institute of Architects 2005 National Student Awards; and
- Nicholas Pitsirikos, a philosophy and classics major from Brooklyn College, received the competitive Beinecke Scholarship, a \$32,000 graduate scholarship awarded for superior scholastic achievement and great academic promise.

Please join me in congratulating Claudio, April, Jeff, and Nicholas, and in thanking the faculty who mentor our students. Of course, these students are not alone. David Bauer, the student who beat out 1,600 entrants to win the \$100,000 Intel Science Talent Search contest and is now a student in the Honors College at City College, couldn't join us today because, at this moment, he is accepting yet another award. Our two Rhodes Scholars, Lev Sviridov and Eugene Shenderov, are hard at work on their graduate studies in England. When I think about how all of these students flourished at CUNY, and what they will contribute to this city, I know that we must do everything we can to ensure that generations to come will find the same opportunities that they, and their thousands of predecessors, have found at the University.

Thank you.