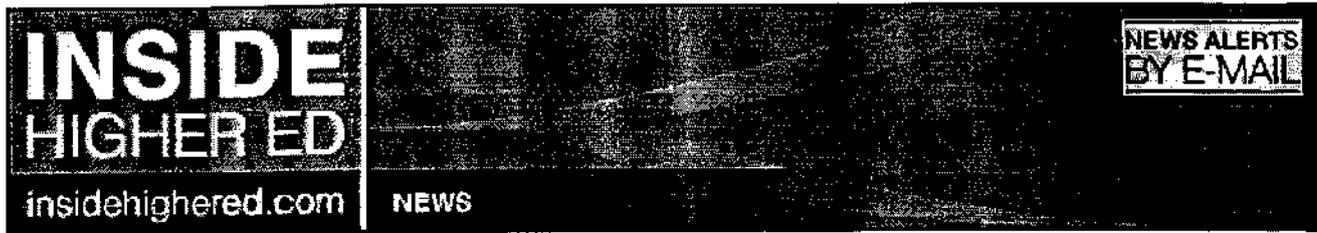


all. VI



News, Views and Careers for All of Higher Education

Oct. 30

Recessions That Never End

Roller coasters and yo-yos are among the metaphors frequently used when experts describe cycles of state appropriations for higher education. Recessions bring cuts, but recoveries allow public colleges and universities to regain funds and strength — at least until the next decline. And anyone who has worked at a public college has seen the pattern. After some tight years, there are usually headlines about legislators and governors approving substantial increases in state support.

A study being released today, however, suggests that there's a reason that many who work at public colleges feel as if their classes are larger, their paychecks are not so large, and their students are having more difficulty getting into courses or paying their bills. The 25-year analysis of state spending on higher education finds that the improved finances that follow a recession rarely restore colleges' budgets to levels where they can provide what they had pre-recession.

Of the 44 states that cut funds, per full-time equivalent student, in the last recession (of 2001), only one state has seen funds restored so that — adjusting for inflation — spending per student is at least the same as it was pre-recession. Six states have yet to reach the levels that they had before the recession of 1990-1.

“When we look at the 25-year cycle, we are seeing a cumulative effect of four recessions, and that impact has been devastating,” said Edward R. Hines, one of the study's leaders and a professor emeritus at Illinois State University's Center for the Study of Education Policy. That center, which led research on the study, is home to “Gravevine,” the project that each year produces the definitive information about state appropriations for higher education.

The researchers used that data — along with federal data, information provided by states, and site visits to states — to analyze exactly what happens in a state higher education system during a recession. (While the term “recession” is frequently used to talk about any downturn, they confined themselves to the four recessions that met the technical definition.)

Given that state budgets — even if relatively healthy now — are bound to experience recessions again, the news is not good for higher education. Among the researchers' findings:

Related stories

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[Mediocre Grades for Colleges](#), Sept. 7

[More Than Fiduciary Duties](#), Aug. 17

[Keeping Students, Finding Money](#), April 24

[Bang for Their Bucks](#), Jan. 17

- Between 1979 and 2004, state appropriations for higher education did not keep up with growth in state economies (measured as Gross State Product) in any state.
- When recessions hit the United States, each one seems to hurt higher education more intensely than the one before — with longer recovery times. Appropriations per FTE declined in 26 states following the 1980 recession, in 38 states following the 1990-91 recession, and in 44 states following the 2001 recession.
- In three of the last four recessions, tuition increased faster than the availability of state student aid, and faster than the growth in family income and student aid.
- The impact of the 2001 recession (which was followed by 9/11) was particularly destructive even though, in duration, that recession was relatively short. Shifts in state support for students from need- to merit-based aid have made it more difficult for needy students to deal with tuition increases.

Ross Hodel, the Illinois State professor who directed the study, said that the research demonstrates that it's no longer possible in bad years to just assume that things will be better in a few years. "Waiting it out isn't going to work any more. If you wait, nothing is going to happen."

The research — which was supported by the Lumina Foundation for Education, and performed with the State Higher Education Executive Officers and the National Association of State Student Grant Aid Programs — will be shared with state officials in an attempt to prompt discussions about how to position public higher education to better handle future economic downturns. The reports being released today — while will be online shortly at the Illinois State center's Web site — also include profiles and data on each state.

Generally, both Hines and Hodel said that the research made them skeptical of states that maintain low tuition policies for their public colleges and universities. While that has historically been one way that states promoted access, it was premised on states providing a consistent level of appropriations for operating support. States may be better off, they said, with policies that have higher tuition levels, along with higher aid. "I don't see how you can get by with a low tuition strategy any more," Hodel said.

Hines said that states that have expanded need-based financial aid were able to make it through the last recession with — if not no impact — then at least a lesser impact on access for students.

Following is a table showing the study's findings about how long it took states to recover from three of the recessions over the last 25 years. An asterisk indicates that the never reached the level, adjusted for the growth in FTE and inflation, it had prior to the recession in question, at least during the years covered by the study. Hines said that it was important to include FTE because of the wide variation in enrollment increases, which add considerably to the pressures on state higher education systems — and mean that a double-digit increase a few years after a recession may not be enough to make up for cuts. The table also show that for many states, most of the last 25 years has been spent catching up from the last recession.

State Appropriations in Recession Periods, per FTE

State	% Change in State Funds, 1980-2	Year of Rebound to 1980 Level	% Change in State Funds, 1991-3	Year of Rebound to 1991 Level	% Change in State Funds, 2001-3	Year of Rebound to 2001 Level

Ala.	-15.5%	1988	-7.0%	1995	-6.0%	*
Alaska	+19.8%		-14.9%	*	-4.7%	*
Arizona	+9.2%		-2.7%	1998	-14.4%	*
Ark.	-6.1%	1985	+10.6%		-15.9%	*
Cal.	-1.9%	1985	-5.1%	1999	-1.7%	*
Colo.	+3.8%		-3.9%	1998	-22.0%	*
Conn.	-14.8%	1985	-19.8%	1998	-5.1%	*
Del.	+16.3%		-3.1%	1995	-6.5%	*
Florida	+3.1%		-12.6%	1997	-18.0%	*
Georgia	+1.4%		-15.4%	1996	+1.6%	
Hawaii	+5.0%		no change		-4.3%	2004
Idaho	-6.3%	1985	-9.1%	1995	-7.1%	*
Illinois	-5.8%	1986	-4.0%	1995	-8.6%	*
Indiana	-2.9%	1985	-4.3%	1997	-5.2%	*
Iowa	-16.0%	1998	-3.3%	1998	-17.8%	*
Kansas	-2.1%	1983	-3.2%	1996	-8.8%	*
Ky.	-3.7%	1983	-6.9%	1997	-6.6%	*
La.	+9.0%		-11.9%	1999	+17.5%	
Maine	-0.9%	1983	-9.4%	2001	-11.2%	*
Md.	-0.7%	1983	-12.6%	1999	-9.4%	*
Mass.	+15.9%		-11.5%	1996	-16.6%	*
Mich.	-7.5%	1985	-0.8%	1995	-12.5%	*
Minn.	-3.6%	1984	-13.3%	*	-12.6%	*
Miss.	+4.1%		-1.4%	1994	-15.5%	*
Mo.	-15.5%	1986	-3.5%	1994	-23.4%	*
Mont.	+12.4%		-4.5%	*	-7.1%	*
N.C.	+6.3%		-3.5%	1995	-11.1%	*
Neb.	-3.1%	1985	+0.3%		-10.2%	*
Nevada	-4.1%	1984	+19.7%		+0.8%	
N.H.	+8.0%		-6.8%	1995	-3.9%	*
N.J.	-3.6%	1983	+4.7%		-9.2%	*
N.M.	+8.9%		-5.2%	1994	-7.7%	*
N.Y.	+1.6%		-8.8%	*	+0.2%	
N.D.	+18.8%		+5.3%		-4.5%	*
Ohio	-7.3%	1983	-10.9%	1995	-15.4%	*
Okla.	+19.9%		+15.5%		-18.8%	*
Oregon	+1.6%		+9.4%		-26.8%	*
Pa.	-7.2%	1985	-2.8%	1994	-11.3%	*
R.I.	+0.7%		-16.5%	2000	-3.7%	*
S.C.	-5.1%	1984	-9.8%	*	-27.1%	*
S.D.	-7.9%	1985	-1.9%	1994	+1.1%	

Tenn.	-3.7%	1984	-1.5%	1994	-0.6%	*
Texas	+17.2%		+0.6%		-5.7%	*
Utah	-0.8%	1983	+0.1%		-1.1%	*
Vt.	+7.8%		-7.1%	*	-4.2%	*
Va.	+3.1%		-16.6%	2000	-20.6%	
Wash.	+11.3%		+1.4%		-7.8%	*
W.Va.	+0.3%		-1.7%	1994	-12.7%	*
Wis.	-6.1%	1987	+1.6%		-4.1%	*
Wyo.	+25.3%		-5.4%	2001	+12.9%	

— Scott Jaschik

Comments

Regressive tax cuts

We often speak about regressive taxes—taxes that benefit the wealthy and drain the finances of the unwealthy. The figures in this story speak to regressive tax cuts—cuts that benefit the wealthy and undermine services that are meant to be social equalizers. Higher tuition can cover losses in state revenues. The question is how many families can cover high tuition payments?

Margaret Klosko, at 8:40 am EST on October 30, 2006

Econ 101

”.. The question is how many families can cover high tuition payments?”

Excuse me — what about the majority of the population that does NOT go to college? Should they be required to subsidize the lifestyles of Ward Churchill, Kevin Barrett, Michael Berube, Howard Zinn, Grover Furr, AAUP staff, AAU staff, AFSCME, et al.?

How many non-college families can cover their own bills?

Careful about the questions you ask. You might get answers that you find unpleasant.

B.J., at 9:33 am EST on October 30, 2006

Helloo, BJ. That many Americans can't cover their basic living expenses—mortgage payments, health costs, education—has everything to do with anemic social services undermined by inadequate collection of taxes, i.e. regressive tax cuts.

Margaret Klosko, at 9:51 am EST on October 30, 2006

Oops

B.J. — I don't think you have to worry about the taxpayers “subsidizing the lifestyles” of Zinn and Berube. Zinn is professor emeritus at a private university and Berube is paid through an endowed

professorship (you can thank Penn State's football coach, good 'ol Joe Pa, for that). As for the others, well, with how low state appropriations are for public higher education as this point in time, it would hardly be fair to suggest that only taxpayers are footing the bill for professors and other instructors. More and more, as states make cuts to higher education budgets, these costs are paid by tuition.

N.H., at 11:01 am EST on October 30, 2006

Regrettably, B.J.'s comment reveals how dreadfully our discourse about these matters has declined. Public higher education is a public good. People who drag out the tired political invocation of Ward Churchill et al.—a negligible fraction of American educators—make about as much sense as someone who wants to abolish all highway funding because some roads have potholes.

T.S., at 4:30 pm EST on October 30, 2006

How amusing

".. Zinn is professor emeritus at a private university .."

Oh. Yes. No federally-subsidized loans used there, right?

As for Mr. Berube — why doesn't JoePa pay for ALL English professors' salaries? Because JoePa ain't got that much \$\$\$.

There isn't enough \$\$\$ to pay for all the pipe-dreams in academia. Get used to it.

B.J., at 4:35 pm EST on October 30, 2006

Funding

One of the unintended consequences of federal aid — especially the kind that goes directly to students — is that states no longer feel as obligated to spend as much on higher education. The states are in competition with each other in terms of economic development and the lower a state can hold taxes the greater the chance they have of attracting jobs which propels economic growth.

Another unintended consequence of third party payments i.e. Pell Grants and Stafford Loans, is that it makes the consumer (in this case college students) much less price sensitive than they otherwise would have been absent the tuition support. This in turn has led to higher costs for students at state funded institutions. State legislators could increase the strings that are attached to funding so that state monies would be spent in certain areas and in certain ways. This would be unpopular in many circles but in the absence of coherent leadership (and colleges tend to be incoherent in a bureaucratic sense — nothing personal it's just the way it is) it may be necessary.

Thomassowellfan, at 5:40 pm EST on October 30, 2006

B.J., do you know what professor emeritus means? You should stick to whatever it may be that you know because your posts show an ignorance regarding academia.

Posaune, at 8:50 pm EST on October 30, 2006

Ignorance is ...

".. do you know what professor emeritus means? You should stick to whatever it may be that you know because your posts show an ignorance regarding academia .."

How do you know, I'm not emeritus (seasoned person, wandering around department, available for lunch)?

Thanks for providing clear rationale for cutting soft-side academia's budget by 80%. People like you, obviously have too much time on their hands, as well as total incompetence when it comes to \$\$\$.

Wasting \$\$\$ means nothing to your kind, and the taxpayers know it.

B.J., at 5:40 am EST on October 31, 2006

Got something to say? [Add a comment.](#)

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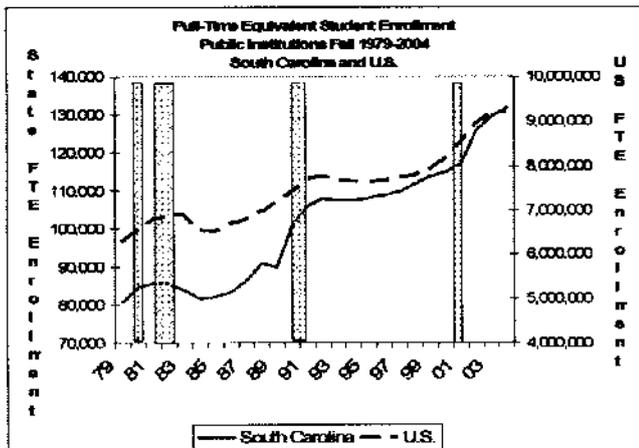
South Carolina

Recession, Retrenchment And Recovery in South Carolina

Summary Statistics		
	1979	2004
FTE Enrollment Public Institutions	80,711	131,788
Higher Ed Appropriations per FTE	\$8,545	\$4,969
Need-based Aid to Public Students per FTE	\$----*	\$104
Tuition Public 4-year	\$1,603	\$5,430
Tuition Public 2-year	\$----*	\$2,731
Family Income 30 th %tile, 2004 \$	\$20,770	\$20,553
Aid-to-Tuition Ratio	----*	2.4
Access-Cost Indicator	----*	20.3

*1979-1982 data missing

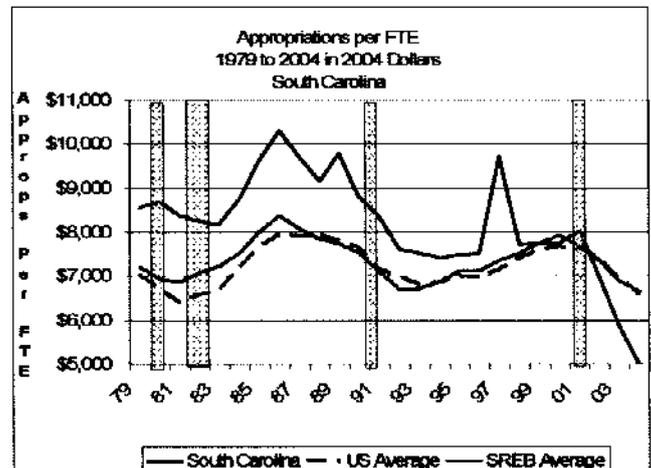
Enrollment Full-time-equivalent enrollment in public 2- and 4-year institutions increased 63% between fall 1979 and 2004, with a high of 131,788 in 2004. This rate of increase is above the national rate of 46%. Enrollment at public two-year institutions grew at a rate of close to two times that of the growth rate at public four-year institutions. Enrollments at public two-year institutions represented 38% of total public enrollments in 2004.



State Appropriations In FY2004, South Carolina ranked 45th among states in appropriations per FTE enrollment at public institutions. At \$4,969 per FTE, the state was below the national average of \$6,592. Over the 25-year period of this study, funding averaged \$8,307 in 2004 dollars with a decrease of \$3,576 between FY1979 and FY2004.

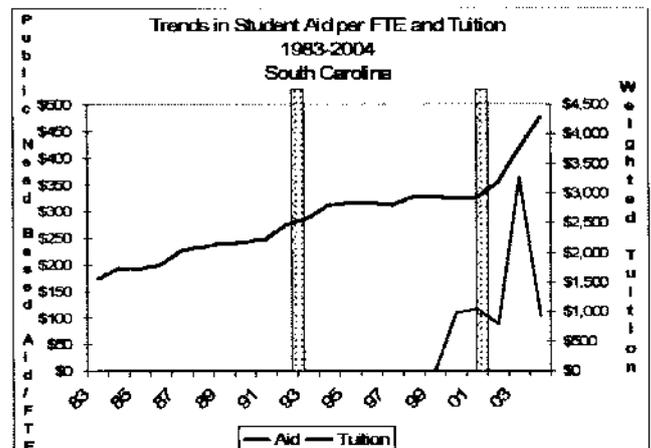
The state experienced declines in appropriations per FTE following all four of the recessions that occurred during the 25 years of this study. Appropriations grew in the mid-1980s reaching a peak of \$10,309 per public FTE enrollment in

FY1986. Funding per FTE declined during the late 1980s and through the 1991 recession. Although funding recovered to pre-1991 levels by 1997, the high of FY1986 was not restored. During the three-year period following the most recent recession, appropriations per public FTE declined \$3,056.



Nationally, appropriations for higher education did not keep pace with growth in states' economies. While South Carolina was among the 24 states that experienced more than 100% (133%) growth in Real Gross State Product between 1979 and 2003, it was also one of the 30 states that were unable to maintain or increase appropriations per FTE from 1979 to 2004.

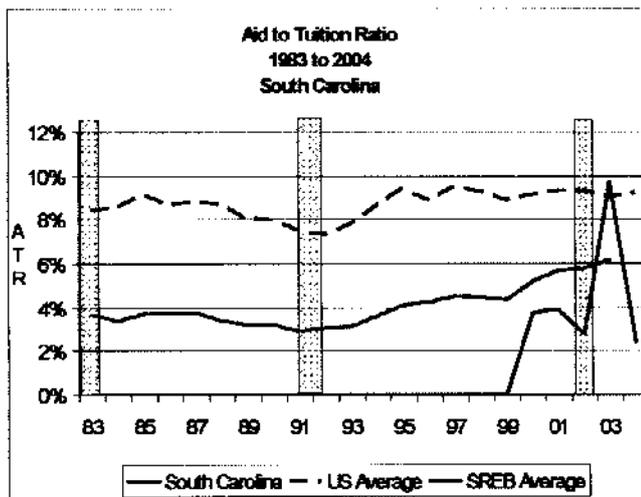
Need-based Student Financial Aid and Tuition at Public Institutions Tuition at South Carolina public institutions increased at rates much greater than the national average between 1983 and 2004. South Carolina began to consistently offer need-based aid in 2000. Since then, despite a spike in 2003, need-based aid has consistently been at less than the national average per public FTE enrollment.



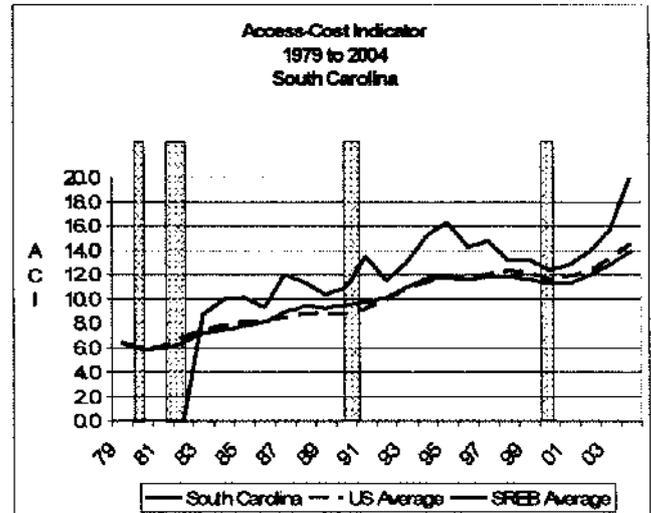
South Carolina

Aid-to-Tuition Ratio Between 1983 and 2004 the Aid-to-Tuition Ratio for South Carolina increased from 0.0 in 1983 to 2.4 in 2004, with an average of 0.9 for the 21-year period. During the 25-year period, starting with 1979, the national average Aid-to-Tuition Ratio also declined, with the 25-year national average being 9.0. South Carolina's average ratio was 2nd lowest among all states, while the 25-year change was not available due to missing data for 1979 to 1982. However, South Carolina has experienced a 36% decrease in this indicator since the state has begun to use need-based financial aid, indicating that the state has not balanced need-based aid with changes in tuition.

The following figure shows that the Aid-to-Tuition ratio for South Carolina increased substantially in the late 1990s but has recently declined significantly. Declines since the most recent 2001 recession have seen the ATR drop from 3.9 in 2001 to 2.4 in 2004.



Access-Cost Indicator Between 1983 and 2004, the ACI for South Carolina increased from 8.8 to 20.3. South Carolina's ACI was consistently above the national average since the early 1980s. It has had periods of increases and decreases, but overall has shown a steady increase over time. The 21-year high of 20.3 was reached in 2004, which was a significant increase from the previous year's 15.8 ACI and the preceding 2002 and 2001 ACIs of 14.0 and 12.8, respectively. South Carolina's 2004 ACI was 47th among states (lowest=1).



The much larger than US average increase in tuition at public institutions coupled with above average increases in public enrollment affect the ACI over the years. The decrease in family income also affects the ACI for South Carolina, while the recent increase in need-based aid for public students affects both indicators for South Carolina.

	SC Change	SC % Change	US Change	US % Change
ACI	11.5**	130**	8.2	130
Tuition 4-yr	\$3,827	239	\$2,669	157
Tuition 2-yr	\$1,840**	206**	\$1,170	119
NB-SFA per FTE	\$104	N/A***	\$127	69
Income	-\$237	-1.1	\$1,173	5.4
4-yr FTE*	22,355	49	1,277,721	38
2-yr FTE	22,844	83	1,367,744	59

*Undergraduate only

**1983-2004 change (1979-1982 data missing)

***beginning amount of 0



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OFFICE OF THE CHANCELLOR

PHONE (404) 656-2202
FAX (404) 657-6979

MEMORANDUM

TO: Presidents, University System of Georgia

FROM: Erroll B. Davis, Jr.
Chancellor

A handwritten signature in black ink, appearing to read "Erroll B. Davis, Jr.", written over the printed name and title.

DATE: September 18, 2006

SUBJECT: Strategic Planning Principles

As you know, we will soon begin a new strategic planning effort. Prior to the actual planning, though, it is important to set out the principles that will guide this effort. Properly directed by clear principles, our planning can position the University System for the challenges Georgia faces in the years ahead.

Attached are five principles I intend to establish to guide our process, principles that complement the larger priorities of the state, the work being done by the Commission for a New Georgia, and the recent efforts of the education agency heads.

I would appreciate any feedback that you have regarding these principles. Our planning process will ultimately direct institutional activities and align our resources with our priorities.

If you agree, I would like to pull institutional representatives into the planning process to serve on five planning teams, each focused on one of the principles. If you have faculty or staff members who could make a valuable contribution to these teams, please forward their names and contact information to me, with a copy to Rob Watts, by September 25th. You may nominate up to five people, one for each of the teams.

Thank you for your suggestions and comments. Please let me know if you have any questions regarding this matter.

EBD/rw

Attachment

C: Dr. Beheruz Sethna
Mr. Tom Daniel
Mr. Rob Watts

Draft Strategic Planning Principles

September 18, 2006

Before embarking on a strategic planning exercise, it is necessary to establish the principles underlying the process. Five planning principles are proposed for discussion.

- 1. As a result of its strategic actions, the University System will re-examine its general education curriculum, renew its commitment to a liberal arts education for this century, and improve the quality of undergraduate teaching and learning.**

Undergraduate education is the instructional heart of the University System. It should be a transforming experience for students. Each generation anew must re-examine and define the value of the liberal arts tradition to contemporary circumstances. It is critical at this moment to determine whether undergraduate students are learning what they need to lead full lives and to lead Georgia.

Responding to this principle means analyzing the following data:

- General education assessments
- Education skills needed, given current economic and other trends
- National trends in general education and undergraduate education

Responding to this principle means asking the following questions:

- Is the USG's general education curriculum effective?
- Does the USG's general education curriculum reflect needed skills?
- Are undergraduates transformed by their USG education?
- How can the USG increase the quality of its undergraduate education?
- How should the USG assess general education?

Responding to this principle means identifying the following metrics to assess performance and progress:

- General education quality
- Impact of undergraduate education

- 2. As a result of its strategic actions, the University System will increase capacity to accommodate targeted, programmatic growth.**

In order to meet the needs of a growing Georgia, the USG will need to expand its capacity by up to 40% to serve an additional 100,000 students by 2020. This is a unique opportunity to shape the USG for the new century, focusing on planned, targeted growth, the optimal use of facilities and other resources, and the proper alignment of resources with programmatic needs.

A healthy, safe, growing, educated Georgia requires those qualities in each of its geographic regions. Georgia cannot be successful unless all of its regions are advancing against key quality-of-life and economic development indicators. Each region of the state faces different challenges; local USG institutions are responsible for helping to meet those challenges.

Responding to this principle means analyzing the following data:

- Population, demographic trends, and workforce needs, by region
- Academic program trends
- Intra-state educational migration trends

Responding to this principle means asking the following questions:

- Are there current institutions with excess capacity? Are there policies or investments that could drive some portion of future demand to those institutions?
- At which institutions must the USG increase capacity to meet future demand?
- What is the role of selected enrollment limits in shifting demand? Are there some institutions at optimal enrollment?
- Are there underserved areas of the state? How should the educational needs in these areas be met?
- What is the role of distance education in increasing capacity?
- In what areas must academic program capacity be increased?
- Where will faculty shortages limit capacity?
- Which institutions are responsible for meeting which needs?

Responding to this principle means identifying the following metrics to assessment performance and progress:

- Enrollment metrics
- Percentage of need met in geographic areas
- Percentage of capacity used in geographic areas and in academic programs
- Distance education metrics
- Percentage of demand met locally; percentage shifted

3. As a result of its strategic actions, the University System will increase Georgia's control over its own future in a global economy.

In an open world with permeable borders, Georgia must increasingly compete not only fifty states, but also with other countries. It must seek to determine its own future, which entails controlling, creating, directing, and attracting the resources to ensure economic growth and a high quality of life.

In a knowledge economy, creating and attracting intellectual resources is as vital as controlling and directing natural resources. Georgia cannot succeed on the world stage without a strong University System, marked by prominent institutions and programs that develop the Georgia's own human capital and draw the best talent from around the world. The University System is a vital key to Georgia's future self-determination.

Responding to this principle means analyzing the following data:

- Economic data
 - Gross state product and contributions by industry
 - Employment by occupation and industry
 - Research and its connection to economic development
 - Gap analysis with high-performing states/countries
- Workforce data
 - Workforce needs, especially in critical occupations
 - Workforce production
 - Workforce migration

Responding to this principle means asking the following questions:

- Where are the USG investment opportunities to foster institutions and programs of national and international prominence?
- How does Georgia shift from a state where the economy grows only as population grows to one that grows because of knowledge work?
- What percentage of workforce needs in health professions, teaching, engineering, and other critical occupations should the USG commit itself to meeting over what time period?
- How can the USG use its research capacity to meet state needs in the areas of water, energy, health, and the like?
- How can the USG best leverage its resources as a system to meet critical workforce needs?
- How can the USG improve graduate and professional education?
- How can the USG increase its research and its contribution to economic development?

Responding to this principle means identifying the following metrics to assess performance and progress:

- Research metrics
- Economic development metrics
- International education metrics
- Graduate and professional education metrics
- Workforce metrics in critical occupations
-

4. As a result of its strategic actions, the University System will work with all of Georgia's education agencies to meet national and international benchmarks on student preparation and achievement.

The University System is part of a public education network. The quality of the University System depends, in large part, on the pipeline of students from K-12 systems. The USG has a significant interest in assisting the Department of Education with setting standards that lead to college success, as the USG has responsibility for ensuring the success of college students.

As a major source of classroom teachers, counselors, and other school leaders, the USG must play a leadership role in public education at all levels.

Responding to this principle means analyzing the following data:

- High school completion
- Pipeline in math, science, and other key disciplines
- College participation
- College retention, progression, and graduation
- Participation of non-traditional students

Responding to this principle means asking the following questions:

- How can transitions among educational sectors be improved?
- Are there alternative ways to remediate lack of preparation for college?
- How can the USG increase the number of students in the pipeline in key disciplines?
- How can the USG influence the course-taking patterns of K-12 students?
- How can the USG close race, gender, and income gaps in participation?
- Are there investments or policy changes necessary to ensure that the USG has the best possible teacher preparation programs?

Responding to this principle means identifying the following metrics to assess performance and progress:

- National educational benchmarks
- Regional educational benchmarks
- State educational benchmarks
- Performance of K-12 students in the USG
- Correlation between K-12 curriculum and college success

5. As a result of its strategic actions, University System institutions will remain affordable by providing high-quality academic programs at a more competitive price and cost than comparable institutions.

The University System is fortunate to enjoy strong financial support from state leaders. The USG must continue to earn that support by demonstrating accountability for the use of its resources, by maximizing non-state revenues, and by increasing the efficiency of its business operations. The USG must work with state leaders to develop an appropriate business model for current economic trends and conditions.

Responding to this principle means analyzing the following data:

- National cost and price data
- SREB cost and price data
- Industry benchmarks for business operations
- Participation of economically disadvantaged students in the USG

Responding to this principle means asking the following questions:

- How can the USG leverage its size and resources as a system to be more efficient?
- How can the USG act like a single organization in its business processes?
- What is the role of OIT in streamlining USG processes?
- How can the USG create a customer-focused, continuous-improvement culture?
- How can the USG create a new, innovative business model?
- How can the USG maximize non-state revenues?

Responding to this principle means identifying the following metrics to assess performance and progress:

- Comparable national and regional cost and price metrics
- Non-state revenue metrics
- Assistance for economically disadvantaged students