

The Substantial Achievements of the CSU System: Setting the Record Straight

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The Substantial Achievements of the CSU System: Setting the Record Straight

Introduction

There seems to be a general perception that the Connecticut State University System took some missteps in 2010. But any real or imagined slips should not divert attention from the solid record of achievement of that system, particularly in controlling costs and in producing graduates prepared for the workforce. Those substantial accomplishments merit praise, not scapegoating.

1. During the last decade – from FY 2000 to FY 2009 – the “Cost per FTE Student” at CSU has increased LESS than the Higher Education Price Index (HEPI). As calculated by DHE on the basis of national definitions of educational costs, the cost per FTE students at CSU has grown by 38.4%, while HEPI has increased by 41.8%. [Pp. 17-18]

2. Although the state’s share of the cost per FTE student declined during that period of time from about 59% to 47% at CSU, the combination of holding down overall cost and the growth of FTE enrollment still enabled CSU to keep tuition and fee increases in check. The cumulative increase in tuition and fees from 2000 to 2010 has been less than the national average among comprehensive universities, and CSU’s national ranking among those universities, on the basis of tuition and fees charged to students, has declined from 9th to 11th. [And if the increase in CSU fees to pay debt service for constructing residence halls, dining facilities and parking garages is excluded, the national ranking is even lower.] [Pp. 16-18]

3. FTE student enrollment is up by 20% since 2000, driven by a significant increase in the number of full-time students, accompanied by a significant decrease in the number of part-time students. [P. 17-19]

4. 45% of the education degrees awarded by CSU’s teacher preparation program were in priority teacher shortage areas designated by the State Department of Education, higher than the share of education degrees in those priority fields (39%) granted by all other teacher preparation programs in the state. [P. 16]

5. The number of science majors in the CSU System has increased by 32% since 2005 (51% and 54%, respectively, at Western and Eastern, driven by new science facilities at those universities). The System is moving in the right direction to produce students with degrees in those critical need areas. [Pp. 16]

6. CSU’s students overwhelmingly come from Connecticut (92%), and stay in Connecticut as members of the workforce after they graduate (at least 78% –

more likely 86%). By comparison, students from Connecticut comprise 75% of UConn's undergraduate enrollment, 49% of the enrollment at "regional" independents, and 11% at "national independents." [Pp. 10-11]

7. The six-year graduation rate of all first-time, full-time, fall-term students has increased by seven percentage points during the last five years, and the minority graduation rate has increased by nine percentage points since 2004, decreasing the disparity between white graduation rates and minority graduation rates from 12 percentage points to 7. [Pp. 12-14, 9-10]

8. CSU consistently graduates more students with a bachelor's degree than it admitted six years earlier, because it admits a substantial number of transfer students each year and then brings their education to successful completion. In 2008-2009, for example, CSU awarded 4859 bachelor's degrees, even though it had admitted just 4036 freshmen in Fall 2003. [This record demonstrates the major flaw in using the six year graduation rate of first-time, full-time, fall-term students as the sole measure of success.] [Pp. 12-14]

9. The percentage increase in non-faculty staff members has been less than half the percentage of enrollment growth since 2000. In the last four years, the number of non-faculty personnel has actually decreased. There is no merit to the claim that there is "unfettered growth" in non-teaching positions. [Pp. 18-20]

10. Compensation for management and confidential professional personnel has been constrained. By CSU Board decision, the salary pool for this managerial and confidential group has increased each year, since 1995, by LESS than or EQUAL to the collectively-bargained salary increases for the CSU AAUP faculty bargaining unit. Moreover, while salaries for non-higher education managers in state service have increased by a cumulative 127% since 1995, CSU's management/confidential salaries have increased by a substantially smaller 85%. [Since 2000, the comparable cumulative increases have been 58% for state managers, and 53% for CSU managers.] [Pp. 20-23]

In short, CSU has responded prudently to reductions in the state share of the cost of public higher education, while coping with substantial enrollment growth and producing increased numbers of graduates prepared for the workforce.

Even so, CSU's perceived missteps have occasioned the production of at least one report that, at minimum, fails to recognize these and other positive outcomes. Some might even say that the report about the CSU System, by an "OPM Working Group," has selectively used available data for the purpose of justifying a pre-determined set of conclusions. Others would go so far as to say that the report is an affront to objective analysis. It is certain that much of the hyperbole in the report is not supported by the facts.

Nevertheless, editorial boards have seized on several of the extravagant assertions in the report, citing them as reasons for major changes. So have legislators. When OPM refers to “unfettered growth” of administrative personnel, it’s little wonder that the Hartford Courant headlines “administrative bloat.” When OPM says that “tuition and administrative costs have skyrocketed,” it’s little wonder that legislators talk about the need to “control their costs.”

It’s time to bring a dose of reality to the debate. To correct the record, the following analysis of the OPM Working Group report examines its assertions and conclusions using information published in reports of the Department of Higher Education over the past decade. The analysis concludes with a critical evaluation of the OPM Working Group’s recommendations for the future – finding that they run contrary to best practices, and suggesting that they be rejected.

Part I. The Overall Record of Higher Education in Connecticut

The first few lines of the OPM report appropriately recognize that “a knowledge-based economy is a prerequisite for success in the competitive global economy,” and observes correctly that the United States as a whole is no longer the world’s leader in educational achievement. And the OPM report goes on to highlight a number of areas in which the performance of all of Connecticut’s higher education institutions should be improved.

But it should be observed at the outset that OPM’s observations in the first 3 pages of its report, about the state of higher education, are observations about ALL of Connecticut’s higher education institutions, public and independent – NOT limited to CSU. The source cited for these conclusions – Measuring Up 2008, the “report card” issued by the National Center for Public Policy and Education – uses indicators that measure both public and independent institutions¹ – and **in NO case measures the impact or attainments of just one institution.**

Even looking at measures of international educational competitiveness, it is hyperbolic in the extreme for OPM to conclude that the nation faces “economic calamity” and that it is “losing the global education race.” The “report card” itself, Measuring Up 2008, takes a more measured view:

The key findings this year reveal that the nation and most of the 50 states are making some advances in preparing students for college and providing them with access to higher education. However, other nations are advancing more quickly than the United States: we continue to slip behind other countries in improving college opportunities for our residents. (emphasis added)²

What about particular details about the general state of higher education in Connecticut? In the following analysis, observations in OPM’s report are printed first, followed by citations of modifying or contrary evidence.

A. College participation rates

OPM Working Group:

“Connecticut . . . is facing an educational crisis. With only 33% of Connecticut traditionally aged students in college, Connecticut ranks behind the 34% US college participation rate and the college

¹ National Center for Public Policy and Higher Education, “Measuring Up 2008: The National Report Card on Higher Education” (hereafter cited as “Measuring Up 2008”), at measuringup2008.highereducation.org/print/NCPPEMUNationalRpt.pdf

² “Measuring Up 2008”), p. 5.

attendance rates of a number of other countries, including Korea, which sends over half of its young people to college.”

The reality: There is no question that both Connecticut and the nation must raise the college attendance rate. But the situation is not as dire as OPM asserts. A more appropriate statement is the Report Card’s own conclusion:

College enrollment of young adults in Connecticut has improved substantially since the early 1990s. The state is slightly below the national average and well below the top states in the percentage of young adults enrolled.³

Compared with other states: The chance of Connecticut high school students enrolling in college by age 19 is very high.⁴

On the key indicator, “Percentage of 18- to 24-year-olds enrolled in college,” although only rated “fair,” **Connecticut is classified as moving in the right direction.**⁵ And **“internationally, . . . Connecticut’s enrollment rate compares well with that of top countries. . .”** Although below 7 countries to which the U.S. is compared, **it ranks above 20 others in the database.**⁶

B. Adults with college degrees

OPM Working Group:

“At 45%, Connecticut has a high percentage of adults with college degrees but this statistic pales when using comparative international or national criteria. Internationally, Connecticut used to be a leader; now, countries like Korea, Canada and Japan have higher percentages of college graduates.”

The reality: According to the National Report Card,

When compared internationally, Connecticut is among the leaders in the proportion of younger adults, ages 25-34, with a college degree.⁷

With 45% of younger adults having received an associate’s degree or higher, **it is also among the “top states” in the U.S. And it matches the “top states”**

³ National Center for Public Policy and Education, “Measuring Up 2008: The State Report Card on Higher Education Connecticut” (hereafter cited as “Connecticut Report Card”), p. 4, at measuringup2008.highereducation.org/print/state_reports/long/CT.pdf

⁴ Connecticut Report Card, p. 6.

⁵ See Measuring Up 2008, p. 19, and Connecticut Report Card, p. 6.

⁶ Connecticut Report Card, p. 12.

⁷ Connecticut Report Card, p. 12. It ranks far above the U.S. average of 39%, and above all but three countries internationally.

in the percentage (37%) of adults with a bachelor's degree or higher. As the Connecticut Report Card states, "Compared with other states, a very large proportion of residents have a bachelor's degree, and this strengthens the state economy."

Moreover, the Connecticut Report Card points to another "key fact": "In 2007, Connecticut scored 82 on the New Economy Index, compared with a nationwide score of 62. The New Economy Index, created by the Kauffman Foundation, measures the extent to which a state is participating in knowledge based industries. A higher score means increased participation."⁸ [And this just in: **in the 2010 New Economy Index, Connecticut ranks 5th in the country**, up from 6th in 2007. And it ranks 4th on the critical indicator of "Workforce Education."⁹]

And Connecticut joins most other states in **continuing to improve on the key indicator of adults with a bachelor's degree.**¹⁰

C. In-state college attendance

OPM Working Group:

"[E]ven though a vast majority of state students (78%) plan on going to college, only about 42% plan to attend college in Connecticut"

This cited figure is wrong: according to DHE, 58.5% of public high school graduates in Connecticut now plan to attend college in Connecticut.¹¹ A concerted effort by all public and independent colleges and universities in the state has resulted in measurable improvement in attracting secondary school graduates to stay in the state for higher education; **"the percent staying in Connecticut has increased modestly but steadily in the last five years (1.3%) and by almost 4% in the last 10 years."**¹²

Not only do graduates "plan" to attend college in Connecticut, they actually do attend. According to the most recent data, 53% of the state's high school graduates enrolled as freshmen; as DHE put it, **"Connecticut has retained a respectable majority of its college-bound high school graduates since 2000."**¹³

⁸ Connecticut Report Card, p. 10.

⁹ Kaufmann Foundation, "The 2010 State New Economy Index," pp. 7-8.
www.kauffman.org/uploadedfiles/snei_2010_report.pdf

¹⁰ Measuring Up 2008, p. 19, and Connecticut Report Card, p. 10.

¹¹ See DHE, "Higher Education Counts: Achieving Results 2010," p. 17, at
www.ctdhe.org/info/pdfs/2010/2010Accountability.pdf

¹² *ibid.*

¹³ DHE, "Fall 2008 College and University Enrollment in Connecticut," June 2009, pp. 6-7, at
www.ctdhe.org/info/pdfs/2009/Fall2008ComprehensiveEnrollment.pdf

Moreover, **a substantial number of students who originally begin their college education outside of the state later choose to return to Connecticut with the intent of graduating here.** Although there is no available data concerning other institutions, **at CSU, 81% of its transfer students who came from out of state colleges in 2010 were Connecticut residents – 740 out of 913.**¹⁴

¹⁴ CSU release, Dec. 15, 2010, “Students Transferring to CSUS in Record Numbers,” at www.ct.edu/newsroom/releases/students_transferring_to_connecticut_state_university_system_in_record-sett/

Part II. Overall Performance of Higher Education Institutions – and CSU

Although the actual data cited in the early part of the OPM report focused on ALL higher education institutions in the state, the implication was that CSU was somehow the weak link in the chain.

Four pages into the report, however, there began to be a more explicit criticism of CSU, although again it was based on little more than an inference from more general data.

A. Minority student graduation rates

OPM Working Group:

“[D]emographic projections suggest that Connecticut’s future workforce will be more diverse. . . . that workforce is inevitably going to shift toward one with a higher percentage of minority groups. . . . because CSU has targeted the residential population as their core market, then for these institutions to fulfill their mission they have to focus on producing graduates from the pool of students the state generates (which will be racially more diverse than in the past). . . . The minority component of the student population now working its way through elementary and secondary education systems in CT is increasing significantly, reflecting overall population trends. If our state economy is to absorb these future workers, we need to ensure they are successful as they navigate the higher education system. Compared to non-minority graduation rates of 44%, minority graduation rates were lower at 37%. This disparity is telling. According to the National Center for Public Policy and Higher Education, this gap has a real impact on Connecticut’s economy, causing significant losses in personal income to the state. The Center estimates that if “all racial/ethnic groups had the same educational attainment and earnings as whites, total personal income would be about \$8 billion higher.”” (emphasis added)

No one should question that all of Connecticut’s higher education institutions – including CSU – should do more to increase the participation in higher education of groups which are currently in the minority.

But the responsibility is not that of CSU alone. The disparity between six-year graduation rates for minority groups and non-minorities is about 7 percentage points at CSU universities, and about 6 percentage points at UConn. The graduation rate for minorities at UConn increased by 5

percentage points since 2004, and at **CSU the rate increased by 9 percentage points since 2004 – reducing the disparity between minorities and non-minorities at CSU from 12 percentage points to 7 percentage points.**¹⁵ In short, both public universities are demonstrating positive results. CSU is certainly not a poster child for failure.

Moreover, both UConn and CSU have **increased minority enrollments from 2005 to 2009**; DHE commented in 2010 that “each unit continues to advance towards par in proportion to the state’s population.”¹⁶

B. Producing graduates for the in-state workforce

OPM Working Group:

“[P]art of any solution [to create the workforce of tomorrow] . . . is to encourage the state employers to generate new jobs. . . . Achieving this goal will require the cooperation and success of all of the state’s public higher education institutions, including the state’s largest university, Connecticut State University System (CSU). While the system has grown beyond Central’s founding in 1849 as the state’s first public college, CSU’s future success will rest with the university’s ability to re-brand itself as more than just the teachers’ college it once was, and to a large degree it still is. CSU must be an active economic development partner for Connecticut. . . . CSU is Connecticut’s major producer of public college undergraduate degrees. . . . Right now, Connecticut depends on CSU, even more than it depends on UCONN, to educate its high school graduates.”

The reality: Right in the middle of this plea for CSU to play a critical role in educating Connecticut’s young adults, **the OPM report cites the incontrovertible fact that CSU “educates the greatest percentage of Connecticut’s traditionally aged students: 92% of incoming freshmen at CSU are from Connecticut (versus 75% or so for UConn): 78% of CSU graduates stay in Connecticut to work, compared to 59% for UConn.”**¹⁷

¹⁵ DHE, “Higher Education Counts: Achieving Results, 2009,” pp. 51 and 78, at www.ctdhe.org/info/pdfs/2009/2009Accountability.pdf, with additional information from DHE, “Higher Education Counts: Achieving Results 2010,” p. 21, at www.ctdhe.org/info/pdfs/2010/2010Accountability.pdf

¹⁶ DHE, “Higher Education Counts: Achieving Results 2010,” p. 10, at www.ctdhe.org/info/pdfs/2010/2010Accountability.pdf For greater detail, see DHE, “Higher Education Counts: Achieving Results, 2009,” pp. 37 and 63, at www.ctdhe.org/info/pdfs/2009/2009Accountability.pdf

¹⁷ The data are taken from DHE, “Higher Education Counts: Achieving Results, 2009,” pp. 42, 46, 69 and 72. The percentage of graduates who find work in Connecticut after graduation

Moreover, DHE reports that less than 49% of the current enrollment of the “regional” independent colleges are Connecticut residents, and less than 11% of students at “national” independent colleges are residents.¹⁸ **So if CSU continues to be much more successful than any other higher education institution at attracting in-state students to prepare them for jobs in the state, why does the OPM report suggest that CSU – and only CSU – is somehow not meeting its responsibility?**

On one other point, the OPM report is also correct, and should be emphasized: **“CSU is Connecticut’s major producer of public college undergraduate degrees.”** In 2010, 5,121 students received a Bachelor’s degree from a CSU university, compared to 4,606 from UConn. And as the OPM report points out, given the propensity of CSU graduates to stay in the state to work, that means that at least 4,000 new credentialed members of the workforce came from CSU, compared to about 2,700 from UConn. Moreover, CSU granted more Master’s degrees (1,562) than UConn (1,465) or Yale (1,448). And each of the two largest CSU universities granted more Bachelor’s degrees (1,759 (Central), 1,460 (Southern)) than ANY of the state’s independent colleges.¹⁹ This is not meant to downplay the contributions of other entities, but simply to reiterate that CSU is in fact a successful workforce partner.

And although CSU may not yet have “rebranded” itself in the public mind, in fact about 67% of the bachelor’s degrees it awarded in FY 2008 were in fields other than education.²⁰

EXCLUDES those who are self-employed and federal workers, according to DHE. The actual percentage of CSU graduates who are in the Connecticut workforce, including those groups, is 86%.

¹⁸ DHE, “Fall 2008 College and University Enrollment in Connecticut,” June 2009, p. 4 and Table 5, at www.ctdhe.org/info/pdfs/2009/Fall2008ComprehensiveEnrollment.pdf

¹⁹ DHE, “2009-2010 Degrees Conferred by Connecticut Colleges and Universities,” 2010, www.ctdhe.org/info/pdfs/2010/2010DegreesConferredReport.pdf

²⁰ DHE, “Higher Education Counts: Achieving Results, 2009,” p. 70.

Part III. Specific Focus on CSU

The OPM report finally turns to what it sees as specific problems at CSU.

A. Successful completion of college degrees

OPM Working Group:

“Additionally, CSU does not compare well with its peers in graduating students within six years. According to the Department of Higher Education (DHE), CSU’s six year graduation rate is 45% for all students compared to their peers’ median graduation rate of 47%.”

The reality: The real issue here is not how well CSU compares with its peers, although there is no question that the six-year graduation rate of both CSU and its peers needs to improve.

Instead, the real issue is that – at least for universities like CSU – the “graduation rate” does not reflect the actual performance of a university in producing credentialed (diploma) graduates. The problem is that six-year graduation rates are measured by the number of graduates from a cohort which entered the university six years earlier as first-time, full-time, fall-term (“FTFTFT”) students. This measure made sense at one time for liberal arts colleges and some research universities that primarily admitted students as freshmen in the fall term, who were on campus full time, who did not drop out or go part-time periodically to earn money to pay tuition and then dropped back in.

CSU-type universities are quite different. They certainly admit full-time freshmen in the fall term, but they also admit part-time students then and in subsequent terms. They admit full-time students in the spring term. They admit working adults. And, most notably, they admit transfer students from community colleges and other universities throughout these students’ college careers.²¹ [Perhaps one of the reasons that the three-year graduation rate of community colleges is only 10% is that many community college students transfer to other schools before they graduate. (In 2010, CSU admitted 1,558 transfers from Connecticut’s Community Colleges.²²)]

This substantial inflow of students who do not count in the officially-measured “graduation rate” more than balances the outflow of “FTFTFT” students. The consequence is that – at CSU – the number of graduates six

²¹ These issues are widely recognized. The National Center for Public Policy and Higher Education, in *Measuring Up 2008*, took note of the “problems [that] remain in assessing whether students are completing their educational programs in a timely manner,” including the absence of “key data elements,” such as tracking “students who transfer between institutions, both in-state and out-of-state.” *Measuring Up 2008*, p. 21.

²² CSU release, Dec. 15, 2010, “Students Transferring to CSUS in Record Numbers.”

years after its official cohort class enters the institution is SUBSTANTIALLY GREATER than the number of first-time, full-time, fall-term students who enter in the cohort. The following table provides data²³ for the entering cohort in Fall Term 2003 (Column B), compared with the number of graduates in AY 2009 (Column D). **As is evident, CSU graduates MORE graduates each year than were admitted 6 years earlier.**

Column C in the table shows that, on average, only about 40% of the graduates in any one year are part of the cohort that began college work six years before (1866 out of 4839). The rest (2993 out of 4839) – as presented in Column F in the table – are “bonus,” providing a return on investment not reflected by calculating ROI on the basis of those who count in the “graduation rate.” **In short, CSU, like other universities of its kind, is providing substantial benefits to the economic competitiveness of the state – credentialing significant numbers of future workforce members – which are not measured or measurable by the traditional “graduation rate” analysis.**

A	B	C	D	E (D - B)	F (D - C)
University	Fall 2003 FTFTFT cohort	Number of Cohort who Graduate in 6 years (B x grad rate)	Actual Bachelors Degrees 7/1/08 – 6/30/09	Excess of Actual Degrees over “FTFTFT” Entering Cohort	Excess of Actual Degrees over “FTFTFT” Cohort Graduates
CCSU	1203	589	1660	457	1071
ECSU	772	388	926	154	538
SCSU	1310	555	1422	112	867
WCSU *	751	334	851	100	517
All CSU	4036	1866	4839	823	2993

* Data for WCSU are for 2004 cohort and 2010 graduates

Moreover, even though the “**six-year graduation rate**” should not be used as the sole measure of educational effectiveness, it is useful as one measure. Of significance, that rate **has been consistently increasing over the years**, as a result of a committed effort on the part of CSU universities. As DHE notes, **over the period from 2005 to 2009, the increase has been 7 percentage points, matching the increase in the six-year rate at UConn.**²⁴ The National Report Card for 2008 observes “**Over the past decade, Connecticut has consistently performed very well on the percentage of first-time, full-time college**

²³ Data are from “Common Data Sets” for 2009 available at each university’s website, except WCSU, which provided the Common Data Set for AY 2010 upon request.

²⁴ DHE, “Higher Education Counts: Achieving Results 2010,” p. 21.

students earning a bachelor's degree within six years of enrolling in college."²⁵

B. Providing a cost-effective, positive outcome for students

OPM Working Group:

"The low graduation rate is of concern for two reasons. . . . [One is that] Connecticut taxpayers are subsidizing each student at CSU-over \$9,000 per student-regardless of whether the student graduates or not. With a majority of CSU students not graduating in six years, this is a very inefficient use of scarce state resources. The State simply cannot afford to continue to invest this level of funding in a system which cannot provide a positive outcome for so many students."

The reality: The state's investment per student IS IN FACT providing a positive outcome for many students: those who graduate after transferring in, as well as those who began their education at CSU. In addition, neither the six year graduation rate nor the number of graduates who actually receive bachelor's degrees at CSU counts the positive outcomes for the "FTFTFT" students who started at CSU but transfer to other institutions where they complete their degrees. Absent a longitudinal analysis of individual post-secondary students – which the General Assembly has never funded – it is difficult to estimate the number of such students. But it is probably not trivial. [Consider the Connecticut Community College System, widely (and justifiably) praised for its workforce development services. The state subsidizes each FTE student in the CCC system in the amount of \$8,860 (very close to the subsidy per FTE CSU student). But as observed above, only about 10% of the entering FTFTFT cohort of more than 6,000 in the CCC system graduates within three years²⁶ (the appropriate measure for community colleges). Does that mean that the CCCs are not providing a positive outcome for its students? No. One reason is that a considerable number of those students transfer into CSU or other colleges and universities, where they complete their education. In the fall semester of 2010, for example, CSU welcomed 1,558 CCC transfer students.²⁷]

C. Confronting the shift of federal financial aid from grants to loans, as well as decreasing state support and inadequate state financial aid

OPM Working Group:

"The low graduation rate is of concern for two reasons. Students who do not graduate are spending large sums of money on a credentialing

²⁵ Connecticut Report Card, p. 9.

²⁶ DHE, "Higher Education Counts: Achieving Results, 2010, p. 21.

²⁷ CSU Release, "Students Transferring to CSUS in Record Numbers," December 15, 2010.

that they do not receive; many of them are left with debt. According to the College Board, the average CSU student has a debt load of over \$19,000 at the end of his education.

The reality: There is no reason to doubt that each student leaving CSU has a substantial debt. But the source to which OPM refers is not accessible as cited. Without being able to review the data in the source, it's impossible to tell if this is a debt figure for successful graduates, or a debt figure for those who fail to graduate, or a combination. Obviously, if the former, then – contrary to the OPM assertion – **these students DID receive the credential they were seeking.**

Even in the absence of reviewable data, however, it is important to recognize significant factors which are relevant to an increasing debt load.

(1) The federal government has been increasingly shifting the financial aid it provides from grants to loans.

(2) If the state provided a greater percentage share of the total educational cost of a CSU education, then the price to the student (tuition and fees) would be far lower, so students from families with relatively low income would not need to borrow as much in order to pay the tab. (Or alternatively, they would not need to delay graduation by “stopping out” to work to pay their bills.) [Please note that the decision to decrease the state share of the educational cost was not a choice made by CSU or the other higher education units, or something that just happened, but a deliberate decision made by the executive and legislative branches of the state, starting in FY 1992 and continuing up to the present time.^{28]}

(3) As noted below (Part III, L.), if the state met its own commitment, set out in the formula for determining the appropriation for the Connecticut Aid to Public College Students (CAPCS) grant, to provide taxpayer-supported need-based financial aid directed to low income-students, then the debt burden would also be lower.

²⁸ Full disclosure: I was Secretary of OPM when Governor Weicker recommended to the General Assembly that the state share of higher education expenditures for FY 1992 be significantly reduced from the level of FY 1991.

DHE has provided a chart which in its latest iteration shows both the decline in state General Fund support for higher education in the early 1990s, and the inflation-adjusted decline in such support. (DHE, “System Trends 2009,” p. 5.) The consequence of this deliberate decision to shift the cost of education to the student and his/her family has been that, even as state appropriations to CSU and the other units of higher education have grown since 1995, the inflation-adjusted value of the state’s general fund support in 2010 is BELOW the level of state support in 1990.

D. Preparing teachers in critical needs areas

OPM Working Group:

"[E]ven though CSU does produce the largest number of the state's new teachers, CSU simply does not produce graduates where the jobs are. Of the approximately 1,600 CSU teaching degrees in 2008, only 44% of them were in teacher shortage areas such as special education, math and science."

The reality: According to data reported on page 70 of the DHE 2009 study cited by the OPM Working Group (*Higher Education Counts: Achieving Results*, 2009), **45.3% of CSU's 1586 education degrees (or 718) were in SDE's designated priority areas, whereas, in all the other higher education institutions in the state (public and private) offering education degrees, only 38.7% of the education degrees granted were in SDE's priority areas. In other words, CSU is focusing on educational priority fields to a substantially higher degree than other state higher education institutions.**

E. Producing graduates in key workforce areas

OPM Working Group:

"Even more disconcerting was the low number of degrees in key workforce areas such as science and technology, which showed a 7% loss in the number of degrees from 2004 to 2008."

The reality: Despite the implication of the OPM Working Group, CSU is not oblivious to the need to be responsive to workforce requirements. **Since 2005, the number of science majors in the CSU System has increased by 32%.**²⁹ At Western and Eastern, the increases were 51% and 54%, respectively, supported by new facilities at those universities [demonstrating the positive outcomes that are possible when the state provides support]. These students will eventually graduate. The System has recognized the critical need, and is moving in the right direction to produce students with degrees in those areas.

F. Keeping tuition and fee increases in check

OPM Working Group:

"CSU has gotten expensive"

The reality: Relative to other four-year universities like CSU nationally, **CSU has actually become less expensive.** In FY 2000, the price to an in-

²⁹ CSU release, September 28, 2010, "Science Majors Increase Dramatically Across CSUS," at www.ct.edu/newsroom/releases/science_majors_increases_dramatically_across_csus/

state student to attend CSU universities ranked 9th nationally,³⁰ according to DHE. In its most recent report on system trends, DHE observed that CSU universities were no longer in the top ten most expensive state universities, but instead ranked 11th.³¹ Each year since 2000, the average increase in tuition and fees at CSU has ranked **BELOW** the national average (with the exception of FY 2008 and FY 2009, when the increases were marginally in excess of the national average). And the cumulative percentage increase in tuition and fees at CSU since 1995 has been less than the national average cumulative increase for universities like CSU.³²

G. Keeping costs per Full Time Equivalent student in check

Holding down increases in the price to students (tuition and fees) to less than the national average, and accordingly moving to a “less expensive” national ranking, has been in large part the result of keeping educational costs in check. The DHE reports annually the total cost of education, as defined by national higher education reporting standards (which exclude auxiliary enterprises such as dormitories and food service operations), for each FTE student. **By this standard, educational costs at CSU since 2000 have grown LESS than the Higher Education Price Index (HEPI).** HEPI has shown an increase in educational costs of 41.8% since 2000.³³ During the same period, DHE reports that the educational cost per FTE student at CSU has increased from \$13,966 per year (2000) to \$19,333 per year (2009),³⁴ a growth of 38.4% – **3 percentage points lower than HEPI.**

Keeping educational costs per FTE student under control was particularly noteworthy given the major change in the make-up of the CSU student body since 2000. Although the number of “headcount” students has remained fairly static, there has been a major increase in the number of full-time undergraduate students (from 19,182 in 2000 to 24,307 in 2009), and a significant decrease in the number of part-time undergraduate students (down from 8,043 in 2000 to 5,388 in 2009). A similar change occurred among graduate students. Overall, the number of FTE students (FT and PT, undergrad and grad) has increased by 20% (from 24,372 to 29,179). This significant modification in the composition of

³⁰ DHE, “Financing Trends in Connecticut Public Higher Education,” 2000, p. 40, at <http://www.ctdhe.org/info/pdfs/FinTrends2000.pdf>

³¹ DHE, “Connecticut Public Higher Education 2011 Tuition and Fees,” p. 6, at www.ctdhe.org/info/pdfs/2010/2011CTPublicTuition.pdf

³² DHE, “Financing Trends in Connecticut Public Higher Education,” 2000, p. 40, at <http://www.ctdhe.org/info/pdfs/FinTrends2000.pdf> and DHE, “Connecticut Public Higher Education 2011 Tuition and Fees,” p. 6, at www.ctdhe.org/info/pdfs/2010/2011CTPublicTuition.pdf

³³ HEPI is reported by the Commonfund Institute. It stood at 196.9 in FY 2000, and for FY 2009 it was at 279.3 (nationally). “2009 HEPI,” p. 3. For FY 2009, for public master’s institutions, HEPI was 280.6. (P. 10) For all institutions in New England, for FY 2009, HEPI was 283.2. (p. 14) www.commonfund.org/CommonfundInstitute/HEPI/HEPI%20Documents/2009/2009_HEPI_Report.pdf

³⁴ DHE, “System Trends 2009,” p. 37.

the student body has likely had a positive impact on the six-year graduation rate (because more students are devoting full-time to their studies), but it has also necessitated more faculty and more on-campus student support – making it all the more notable that costs per FTE student have been kept in check.

Please also note that during this period, the state-paid share of this educational cost per FTE student has decreased from about 60% in 2000 to about 47% in 2009,³⁵ raising a significant obstacle to CSU’s ability to hold down the price charged to students in tuition and fees. Given this impediment, it’s noteworthy that tuition and fees increased this period by less than the national average, and that CSU succeeded in reaching a “less expensive” national ranking than in 2000.

H. Becoming “less expensive” compared to other states

OPM Working Group:

“According to the Connecticut Department of Higher Education (DHE), Connecticut State University (CSU) is the 11th most expensive state university in the country.”

The reality: Why is CSU singled out, when it has actually improved its ranking (becoming less expensive relative to like universities)? As noted above, CSU has improved from 9th to 11th. (Note that “improving” on this ranking of “expensive” means moving down to a lower rank – i.e., from 1st to 23rd.) In the same study cited by the OPM Working Group, DHE reported that the University of Connecticut, although improving from its rank as the 6th most expensive university of its kind in the country in FY 2000,³⁶ was still the 9th most expensive university nationally in FY 2010.³⁷ Both should be praised for improving their rankings.

I. Slowing the growth of – indeed, in recent years, reducing – non-faculty personnel

OPM Working Group:

CSU is more expensive, “driven in large measure by significant administrative growth”

³⁵ The charts on pp. 36-37 of DHE’s “System Trends 2009” provide the data for these calculations. .

³⁶ DHE, “Financing Trends in Connecticut Public Higher Education,” 2000, p. 39, at <http://www.ctdhe.org/info/pdfs/FinTrends2000.pdf>

³⁷ DHE, “Connecticut Public Higher Education 2011 Tuition and Fees,” p. 5, at www.ctdhe.org/info/pdfs/2010/2011CTPublicTuition.pdf

“CSU’s affordability issues can be traced, in large measure, to personnel costs. These costs have been driven by increases in the numbers of . . . CSU personnel. From 1989 to 2009, total positions at CSU increased dramatically, most significantly for those not directly teaching students. While faculty growth appears to have mirrored enrollment growth, administrative non-faculty positions grew by 73%, far beyond what enrollment changes would have warranted.”

“[T]he hiring of large numbers of non-faculty . . . are driving up the cost of attending CSU and making it an unaffordable option for Connecticut students.”

“[T]he recent unfettered growth in CSU personnel, especially for those without direct teaching or academic roles, needs to stop.”

The reality: Two-thirds of the growth in non-faculty personnel occurred between 1989 and 1995. Indeed, one-third of the growth occurred from 1989 to 1990.³⁸ Going back to 1989 as a base year is like blaming George H.W. Bush for the current national debt.

Since 1995, as full-time-equivalent (FTE) student enrollment at CSU has increased by about 32%,³⁹ the number of FTE non-faculty has grown by only 18%.⁴⁰ Since 2000, as FTE student enrollment at CSU has increased by about 20%,⁴¹ FTE non-faculty numbers have increased by less than 8%.⁴²

With the increasing emphasis on information technology, and the increasing number of residence hall beds on campus, there has been a larger growth in IT and student support personnel, but this has been offset by a decrease in the clerical and maintenance workforce. **Over the last four years, as the number of FTE faculty has grown to accommodate the enrollment growth, the**

³⁸ See DHE, “2002 System Trends,” p. 37, at www.ctdhe.org/info/pdfs/SystemTrends2002.pdf and DHE, “Connecticut Public Higher Education System Trends 2009,” p. 21, at www.ctdhe.org/info/pdfs/2009/SystemTrends2009.pdf

³⁹ From 22,021 (1995) to 29,179 (Fall 2009). DHE, “2005 System Trends,” p. 26 (for 1995 numbers). Data for 2009 provided to OPM by CSU, Aug. 26, 2010.

⁴⁰ From 1,845 to 2,180. DHE, “2002 System Trends,” pp. 37, 39. Data for Fall 2010 provided to OPM by CSU, Aug. 26, 2010.

⁴¹ From 24,415 (2000) to 29,179 (Fall 2009). DHE, “System Trends 2009,” p. 12 (for 2000 numbers). Data for 2009 provided to OPM by CSU, Aug. 26, 2010.

⁴² From 2,028 to 2,180. DHE, “2002 System Trends,” p. 39. Data for Fall 2010 provided to OPM by CSU, August. 26, 2010.

number of non-faculty staff members has actually DECREASED.⁴³ In short, the CSU System has been prudently and rationally placing increased emphasis on academics over student support positions.

Moreover, the OPM report should not imply that “non-faculty” positions are “administrative” positions – as it does by glibly referring to “administrative non-faculty” positions. Almost all of the “non-faculty” positions, in point of fact, are also **NON-ADMINISTRATIVE**: maintenance, clerical, protective services, health services, engineering, and direct student support. To be sure, the fact that many of the professional direct student support personnel are members of the “State University Organization of *Administrative Faculty*” bargaining unit may be superficially misleading. Looking at the functions they serve, however, corrects that misimpression. Those functions include information technology, housing and residence life, student affairs, academic support, advising and counseling, admissions, career services, course registration, and financial aid.⁴⁴ It’s hard to imagine how a modern university focusing on student learning and academics could operate without the functions that “non-faculty” provide.⁴⁵

J. Holding down compensation increases

OPM Working Group:

“CSU’s affordability issues can be traced, in large measure, to personnel costs. These costs have been driven by increases in the . . . compensation of, CSU personnel. . . . Personnel practices at the CSU central office -- . . . the overly generous compensation once hired – are driving up the cost of attending CSU.” (emphasis added)

The reality: (1) Since 1995, cumulative increases in compensation for members of collective bargaining units at CSU have been FAR LOWER than the cumulative increases in other state bargaining units in SEBAC – in large part because CSU AAUP and SUOAF contracts negotiated by the CSU System do not provide for “Annual Increments,” which in other state bargaining units are but part of the total “General Wage Increase / Annual Increment” package negotiated by the unit and the state.⁴⁶

⁴³ From about 2,241 in 2007 to a budgeted 2,180 in 2010. See DHE, “2008 System Trends,” p. 37, and data on the number of faculty and non-faculty personnel at CSU for FY 2009 through FY 2011, provided to OPM by CSU, Aug. 26, 2010.

⁴⁴ The list of functions of SUOAF members was compiled at my request when I was Chancellor of the CSU System in 2005.

⁴⁵ This information (with the exception of the SUOAF functions) was submitted by CSU to the Legislative Program Review and Investigations Committee, and to OPM, in October, 2010.

⁴⁶ Assuming AI’s of 2.5% to 3% per year, the cumulative increase in most other bargaining units since FY 95 exceeds that of state managers, while the cumulative increases for CSU AAUP and SUOAF units are on par with or less than CSU Management-Confidential increases. (See below.)

(2) General increases in the salary pool for CSU managers have been LOWER than for managers in non-higher education state service during the period from 1995 to the present. [State managers: 127%. CSU managers: 85%.] The CSU Board's policy is that the increase for managers should be equal to or less than the increase for the AAUP bargaining unit. Early on, the lower increases were driven by the fact that the CSU Board of Trustees decided in 1995 to move Managers and Confidential Professional personnel from a 35-hour work week to a 40-hour work week, with no salary increase to compensate for this extra time. (In the rest of state service, in contrast, managers received large increases for a period of four years to reflect the additional hours worked.) **Even after that period of time (from 2000), however, the increase in the general salary pool for CSU Managers and Confidential Professional Personnel (52.6%) has been less than the cumulative increase for state managers (58.6%).** Details are shown in the following table:

Fiscal Year	Increase from Prior Year	Increase from Prior Year
	Executive Branch Managers	CSU Management/ Confidential
FY 96	6.6%	4.8%
FY 97	6.6%	5.0%
FY 98	9.6%	2.9%
FY 99	9.6%	3.0%
FY 00	5.0%	4.0%
FY 01	6.5%	4.0%
FY 02	6.0%	4.3%
FY 03	0.0%	0.0%
FY 04	5.5%	5.0%
FY 05	6.0%	5.0%
FY 06	6.0%	5.0%
FY 07	6.0%	5.0%
FY 08	6.0%	5.0%
FY 09	5.5%	5.0%
FY 10	0.0%	0.0%
FY 11	0.0%	5.0%
Cumulative Increase since FY 95	127.4%	85.1%
Cumulative increase since FY 00	58.6%	52.6%

(3) In 2005, the CSU Board determined that the Management and Confidential compensation plan needed revision, because (a) there was a compression between the salary ranges for managers and the salary ranges for personnel represented by the SUOAF bargaining unit who reported to those managers, and (b) it was becoming difficult to attract the best senior officers to work for CSU because the salary ranges were not competitive with other opportunities for potential recruits. The Board accordingly retained the external consultant who

had conducted the objective job evaluation for the State in the 1990s, to perform a job evaluation for CSU managers, with the aim of recommending a compensation plan that provided internal equity in job values and external competitiveness in salary opportunities.

The result of this study completed in 2006 was a recommended compensation plan for senior managers in the CSU System that – based on a review of competitive institutions – would enable the System to attract top candidates for open positions. **Just as competition for the best coaches drives the salaries for the UConn basketball and football, and competition for the best executive officers drives the salaries for the UConn President and the UConn Health Center Director, competition for the best senior officers drives (and should drive) the salaries for CSU executives.**⁴⁷ **Although competitive with compensation at other public comprehensive universities, CSU presidential salaries for 2009 were below at least 65 other positions in State service.**⁴⁸

Moreover, CSU presidential salaries would be unlikely to attract candidates from Connecticut’s “regional” independent colleges, which like CSU are comprehensive universities. The Connecticut Mirror reported in June that 2007-2008 presidential salaries at the University of Hartford, Sacred Heart University, Quinnipiac University, the University of New Haven, the University of Bridgeport and Fairfield University ranged from \$282,000 to \$572,000.⁴⁹

⁴⁷ The compensation data comparisons printed in the report of the OPM Working Group are misleading. First, the compensation levels shown in the report for CSU Management/Confidential personnel were for FY 2009 – not for FY 2008. Second, they did not increase for FY 2010. Third, the comparison with CUPA levels should be for the same year (FY 2009), not an earlier year, and should be for the most recent year available, i.e., FY 2009. Fourth, there are many CUPA categories which could provide a basis for comparison, and OPM chose one of the least comparable, determining to use as the target a category which is not representative of the northeastern United States, where income levels are generally higher. Instead of comparing 2008 CSU salaries with “all public institutions in the 3rd quartile in 2008,” as OPM did, a more appropriate comparison would be 2009 CSU salaries with “master’s institutions in the top quartile in 2009,” or “master’s institutions at the 80th percentile level in 2009.” In the case of the latter, CSU presidential salaries of \$285,200 for FY 2009 were right in line with presidential salaries at “master’s institutions in the top quartile in 2009 of \$285,200” and below the presidential salaries at “master’s institutions at the 80th percentile in 2009” of \$300,000.

For comparative purposes, the salary level of the UConn president in 2009 (\$565,000) would be compared with the presidential salary level of “doctoral institutions in the top quartile in 2009” of \$429,201, or to presidential salaries of “doctoral institutions at the 80th percentile in 2009” of \$476,487.

⁴⁸ See www.CTSunlight.org. The information at this website has been questioned, but assuming it is correct, 57 employees of UConn and the UConn Health Center, and 7 other state employees, had higher salaries than CSU Presidents in 2009. Based on CSU salary information reported in the Connecticut Mirror, there might be as many as 18 additional UConn employees with higher salaries than CSU Presidents. See www.ctmirror.org/story/6585/csu-pay-6-28-10

⁴⁹ www.ctmirror.org/story/6585/csu-pay-6-28-10

Finally, just as a point of comparison, CSU presidents in 2010 received a salary only slightly in excess of the salary for the Superintendent of the Bridgeport School System (the most highly compensated superintendent in the state).⁵⁰

K. Connecticut is just one of 49 states which receive the poorest grade for affordability

OPM Working Group:

“Connecticut’s high tuition, along with its mixed financial aid picture, resulted in a failing grade of “F” in accessibility in the recent National Report Card on Higher Education, by the National Center for Public Policy and Higher Education”

The reality: The *National Report Card* does not report a grade for each institution of higher education, but for all of a state’s institutions, including both public and private. So it is not CSU alone, but all of Connecticut’s higher education units combined, which merited the grade of “F” in accessibility.

More importantly, however, Connecticut is not alone: it is just one of 49 states which received an “F” grade.⁵¹ [The only exception in the 2008 study, California, has seen tuition and fees skyrocket since that time, as that state has increasingly shifted the cost of higher education onto the shoulders of its students.]

It should behoove all states, not just Connecticut, to recognize that higher education is a “public good,” and provide greater support to this building block of future prosperity.

L. The burden on students from lower-income families who attend UConn or CSU is high, but could be reduced by additional state support for public higher education, and for additional state-provided need-based financial aid

OPM Working Group:

*“The main fact is this: it costs Connecticut families more to send their kids to CSU. Public colleges, which were created as reasonably priced higher education options, are now not so affordable. In *Measuring Up 2008*, the National Center for Public Policy and Higher Education*

⁵⁰ According to the State Department of Education, the Bridgeport Superintendent received a salary of \$263,585 for 2009-2010.

⁵¹ *Measuring Up 2008*, pp. 11, 18.

estimated that for the 40% of the state's population who have a median family income of \$24,752, it takes about 43% of that family income to pay for one year of CSU tuition and fees (net of financial aid)."

Unfortunately, the OPM Report draws a misleading inference from the data source. *Measuring Up 2008* provides data to show that, for the 40% of the population with the lowest incomes, it takes 43% of that income to pay the net college cost at the PUBLIC FOUR-YEAR UNIVERSITIES.⁵² **So, correctly phrased, "it costs Connecticut families more to send their kids to UConn and CSU."** And because many CSU students live at home with their families, and commute to school rather than pay room and board costs, the actual net cost for tuition and fees alone for that CSU commuter is about ONE-HALF the cost figure used in the Report Card. That would mean that a better estimate of the percent of the income of these low-income families required to pay for a CSU commuting student might be as low as 20-25%.

Finally, it should be observed that the net college cost for low-income students is as high as it is because the state has failed to provide additional need-based financial aid to offset its deliberate decision to drive up tuition and fees. Indeed, much of the need-based aid for CSU and UConn students comes not from state funds but from the "tuition set-aside" – required by the Board of Governors – which simply levies an assessment of 15%⁵³ on the tuition charged to all students, and transfers the proceeds to benefit those most in need.

⁵² "Connecticut Report Card," p. 8.

⁵³ In recent years, in part to supplement the state's limited funding (less than the required formula) of the need-based CAPCS grant, both CSU and UConn have exceeded the 15% required set-aside. The level for CSU has ranged from 16.28% for FY 2006 to 17.86% projected for FY 2011.

Part IV. OPM's Recommendations for Change

Given how far off the mark the OPM report was in terms of incorrect “facts” and unsupported conclusions, it is not surprising that its recommendations for the future are not grounded in reality, either.

A. The first recommendation of the OPM Working Group: “Eliminate or reduce the size of CSU’s System Office”

The reality: instead of saving money, this approach would likely lead to higher costs, because the opportunity for achieving economies of scale and other benefits would be lost.

Most states, most analysts, and even most editorial writers⁵⁴ recognize that consolidating functions rather than decentralizing and/or dispersing them is more likely to produce real savings.

To the contrary, the OPM report recommends that the CSU System Office – which has facilitated the consolidation of a number of functions and provided strategic support to the Board – be eliminated, or severely reduced in size and capacity. This is not the direction that makes most sense.

Indeed, eliminating a System Office is not the direction that Maryland – held up as an example by the OPM report, citing President Obama – has followed. A single Board of Trustees for the University System of Maryland, supported by a capable staff to plan and budget from the perspective of an entire system, has helped to facilitate the results achieved in that state.

Make no mistake about it: abolishing a System Office requires abolishing a single governing board for that set of institutions.

No matter how higher education is structured in a state, the governing body of a group of institutions – in order to prioritize the use of available resources – requires a System Office: a staff which can provide planning, analysis and budgeting which both undergirds the decisions of the governing body and ensures that the direction of the Board, not the wishes and whims of the individual institutions, is implemented.

A single Board of Trustees, as exists today, for each of the constituent units of higher education in Connecticut – each of which has multiple institutions which share a common mission – is a far better governance structure than devolving

⁵⁴ In “Agenda For The State: Connecticut’s spending spree is about to hit the skids,” (Dec. 26, 2010) the Hartford Courant noted with approval the idea of “consolidating the administrative offices of Connecticut’s many public universities.” www.courant.com/news/opinion/editorials/hc-ed-agenda-state-2011-1226-20101226.0.4290478.full.story

governance responsibilities to individual Boards of Trustees for each single community college, each single CSU university, and each branch or division of the University of Connecticut.

In Connecticut, the benefits of such a governance structure validate the systemwide governance structure of the community colleges and UConn, as well as CSU. So rather than focus on CSU, it makes sense to look at the benefits in the abstract.

Connecticut is not alone in having created systemwide governance structures for public higher education institutions – comprehensive universities, research universities, community colleges – that have a common mission. In addition to Maryland, at least thirty-eight states have found a system to be valuable at least at one level. Among the most notable and successful are the following:

- California State University System
- University of California System
- State University System of Florida
- University System of Georgia
- University of Maine System
- Minnesota State Colleges and Universities
- Nebraska State College System
- State University of New York
- City University of New York
- University System of Ohio
- Pennsylvania State System of Higher Education
- Texas State University System
- University of Texas System

Why have Connecticut and so many other states found that it makes sense to have a single Board of Trustees for institutions that are similar, with an appurtenant support staff in a system office providing the analysis necessary for the Board to make informed decisions?

- Because the institutions in the system have a common mission, it is redundant to have a governing board for each separate institution struggle to articulate the same mission and then develop the implications of the principles embodied in it. Indeed, with separate boards, the situation can go beyond redundancy, and lead to undue and unnecessary – as well as costly – competition, as each individual governing board strives to find points of differentiation with its peers.
- Just as it makes sense for a municipality's board of education to have a standard set of educational policies for all of the multiple elementary schools within its jurisdiction, it facilitates the common enterprise for a single Board of Trustees to establish a standard set of educational policies

for all colleges/universities in a system, together with a systemwide transfer and articulation policy, a systemwide admission policy, and a systemwide tuition and fee policy, among others, for all institutions that share a common mission.

- To facilitate inter-operability of information systems, and exchange and aggregation of data, a single Board can establish common standards for IT hardware and software, a standard personnel system, a standard chart of accounts, and a standard budget system that permits easy roll-up and analysis of fiscal information.
- A single Board can resolve disputes among constituent institutions.
- A single Board can develop and implement an operating budget for the entire system, allocating and re-allocating resources equitably among constituent institutions.
- When necessary, a single Board can leverage the fiscal resources of all institutions within its jurisdiction to provide the necessary capacity to assure rating agencies and bondholders that debt service on bonds can be paid.

The CSU System is authorized to borrow through CHEFA for the construction of residence halls, student centers and other student-used, non-academic, facilities such as parking garages, with debt service on bonds sold by CHEFA paid by a revenue stream funded by student fees and user charges. The use of CHEFA has enabled these facilities to be built without the use of General Obligation bonds, which would come under the statutory bonding cap.

But unless the CSU System, as an entity, aggregated the resources from all four universities to produce a unified revenue stream, the smaller universities (Eastern and Western) would not have been able to demonstrate the fiscal capacity to support the debt service for the facilities needed at those locations. So in the bond covenants in each series of CHEFA bonds, the System obligated fees and user charges from students at all four universities to pay for principal and interest.

In short, the existence of the System as a legal entity enabled at least the smaller universities to construct facilities needed to meet the burgeoning demand.

[Observe that **IF** it is legally possible to dissolve the single entity which issued the bonds (since the System as a whole has entered into a covenant with the bondholders to ensure repayment of the

bonds), it is likely that the debt obligation would be required to be paid immediately, triggering the Special Capital Reserve Fund and shifting the obligation for repayment to the State.]

- The staff of a single Board can engage in capital planning and capital budgeting across the system, prioritizing and scheduling construction projects within the whole system. The ability of the three Boards of Trustees in Connecticut to construct long-term capital plans made possible UConn2000, UConn 21st Century, and CSU 2020, as well as a plan for revitalizing all of the community colleges.
- Because the teaching load of faculty and the supportive activities administrative staff reflect the common mission of the institutions throughout the system, personnel policies can be established and collective bargaining agreements negotiated on a systemwide basis.
 - Objective review of personnel classifications and control of reclassifications can restrain salary creep.
 - Negotiation of systemwide contracts with systemwide bargaining units avoids the “whipsawing” or “leapfrogging” that would occur if separate bargaining units at each university competed to get greater increases.
- Staff members of a system Board provide a single point of contact for external constituencies – including the legislative and executive branches of state government. It’s not necessary for the General Assembly (and legislative committees and individual legislators) and the Executive Branch (including the governor and OPM) to deal with and negotiate resolution of competitive requests from multiple, separate institutions, each advocating for additional operating expense block grants and/or additional bonding authorizations.
- Costly duplication and overlap of services and programs are reduced.
 - There is no need for duplicative support staff, for boards at each institution, to aid policy-making, planning and budgeting.
 - There is no need for duplicative “governmental affairs” representatives at each institution.
 - Each institution does not need to maintain a presence in Washington to seek federal dollars to supplement state funding.
 - Each institution does not need to maintain a collective bargaining team.
 - Each institution does not need to maintain a staff of internal auditors.
 - Library resources can be shared, rather than duplicated.

- By aggregating needs in order to achieve more competitive pricing, a system under the supervision of a single Board provides opportunities to obtain economies of scale in purchasing goods and services used in all institutions. Vendors provide discounts for purchasing larger quantities of IT hardware, software licenses, and telecom services and equipment, as well as securing access to storage, databases, application development and application services in the Internet “cloud.”
- Similar economies of scale can be achieved by reducing the total number of personnel necessary to provide certain services if those services, such as information technology support, are centralized.

Even greater economies of scale could be achieved at CSUS if the provision of information technology services were to be even more centralized – as it is in the Community College System, which is an example of “best practices” in IT.

It is also worth observing that systems of institutions with a common mission offer the best hope of increasing the “productivity” of public higher education in Connecticut. To be sure, among the several definitions of “productivity,” there are at least two which are relevant here:

1. “Increasing productivity means reducing the duplication of academic programs.”

Reducing the duplication of academic programs within institutions at a certain academic level is more likely to occur if there is a single Board of Trustees for all institutions at that level, with the authority to prevent the multiplication of programs which many institutions want to offer. It probably makes sense to offer core courses (e.g. English, mathematics) at each institution within a system. And geographic separation surely justifies offering identical programs in financial services at Norwalk and Capital. But is there a need to offer – to use a possible but not real scenario – a nanotechnology technician program at Capital, Tunxis, Asnuntuck and Manchester community colleges? Or (similarly possible but not real) an aerospace technician program at Middlesex, Manchester and Gateway? etc. A single Board of Trustees, supported by the analysis of a capable staff, is better able to minimize duplication and overlap of academic programs than 12 separate community college Boards, or four separate state university Boards, engaged in market competition.

In the CSU System, this has meant that Eastern, for example, does not offer majors in Anthropology, Athletic Training, Chemistry, Criminal Justice, Geography, Journalism, Philosophy, Nursing, or Physics – baccalaureate programs which are offered at some of the other

universities in the system. Similarly, neither Eastern nor Western offers majors in French, German or Italian.

2. “Increasing productivity means producing graduates who meet workforce needs.”

A system under the direction of a single Board of Trustees also offers the greatest likelihood of producing graduates who meet the state’s workforce needs in a cost-effective manner. Young teachers of Early Childhood Education are needed to improve the effectiveness of these programs statewide, but that doesn’t mean that every college must offer a degree. The same is true of precision manufacturing technology, culinary arts, automotive technology, medical sonography, fire technology, and so on, in the community college system.

Each CSUS university offers some distinctive programs not available at any other institution in the system: Western offers Meteorology, for example, Southern offers Library Information Systems, Communication Disorders, and Special Education. Central has major programs in various Engineering Technology specialties, Construction Management, Graphic/Information Design, and Hospitality and Tourism. Eastern offers a major in Labor Relations and Human Resource Management. Most of these programs are expensive to offer. So limiting them to one location makes it possible for the system to make them available cost-effectively.

To summarize, there are multiple reasons why it makes sense to continue to support the governance structure – a single Board of Trustees with supporting staff in a System Office – which has proved its merit in all three of the constituent units of public higher education in Connecticut, and in most other states.

B. The second recommendation of the OPM Working Group: “repudiate the “flexibility” legislation of 1991, and re-establish “position control” by DAS and OPM (and DHE).”

This recommendation of the OPM Working Group is a purported solution to a problem that does not exist.

As already demonstrated, there has NOT been “unfettered growth” of personnel at CSU. The number of non-faculty personnel has increased less than enrollment growth since 2000, and has actually decreased in the last four years. The compensation of managers and confidential professional personnel in the system has grown less than compensation of state managers since 2000, and far less than state managers since 1995. The total cost of education per FTE student has grown LESS than HEPI since 2000. There is accordingly no basis for repudiating flexibility, and in

fact some basis for saying that flexibility has worked exactly as it was intended to.

The genesis of the flexibility legislation of 1991 was the recognition that the constituent units of public higher education needed to be responsive and accountable to their stakeholders, including students, their families, prospective and actual employers of alumni, and – representing taxpayers and citizens – the General Assembly and the Governor. Placing operational responsibility in the hands of obscure bureaucrats in DAS and OPM, far removed from the frontline delivery of educational services, had made it nearly impossible to respond in timely fashion to the changing needs of higher education stakeholders. So the General Assembly determined to vest in the Boards of the units the responsibility for personnel decision-making, purchasing, budgeting and financial control.

Controlling purchasing enabled CSU to pioneer the use of “reverse auctions.” The System has also negotiated contracts for goods and services which other state agencies have used because they provided for lower prices than achieved elsewhere (e.g., leasing of dark fiber, telecom services)

The control of budgeting – consolidating separate tuition funds into the operating fund – enabled units to raise revenues to fund services that would otherwise have been eliminated when the state cut its block grants, and to sell bonds to construct capital projects for auxiliary service projects that would never have received legislative authorization of state general obligation bonds.

The control of personnel decisions enabled the constituent units to negotiate contracts with educational bargaining units with lower increases than the state was able to achieve with its unions. CSU also defined the work week as 40 hours for management/confidential personnel, increasing the work week by 5 hours without added compensation.

Control of personnel decisions has been especially important with respect to position control. Given the need to operate in a market-driven environment, competing for the best students and top-notch faculty and researchers, it is imperative that the units be responsive to the expectations of constituencies for the quality and timeliness of services. UConn President-designate Susan Herbst has already spoken of the need to identify groups of established researchers who have demonstrated capability to attract external research funding and lure them *en masse* to the University of Connecticut. Would this be possible if DAS had to create job descriptions, assign salary ranges, and then decide if such positions were appropriate to fill? Within the limits of funds available – both state and non-state – each Board is best able to determine which positions should be filled, and when, so that the research

capacity of the faculty is enhanced, courses that respond to student demand and workforce needs are offered, graduation rates and the number of degrees granted are increased, student support needs (for academics, housing, dining, and student life) are met.

As the University of Connecticut recently wrote to the Legislative Program Review and Investigations Committee,

Placing position control in state agencies that have completely different missions from UConn's, that are not connected to the locations where those decisions take effect, that do not interact with the individuals who are most affected by those decisions and that do not possess expertise in the delivery of academic, healthcare, student life, athletic and municipal services, would be counter-productive and put at risk all the progress achieved in the last 15 years.

Placing position authority with OPM and DAS would add another layer of unnecessary bureaucracy at the time when state government needs to be streamlined. Personnel at UConn, the Health Center, CSU and the Community Colleges represent roughly 20 percent of the state's total workforce. The competitive process involved in hiring faculty and academic administrators is very different from the hiring process that takes place in conventional state agencies. Reassigning this responsibility to OPM and DAS would significantly increase the workload of those agencies, perhaps even necessitating additional staff, without reducing the constituent units' administrative functions in the hiring process. Is there any reason to believe that OPM and DAS personnel will make better decisions than higher education personnel in deciding which academic and support positions are to be filled and when?

All of Connecticut's public higher education units are experiencing record-breaking enrollment. . . . These accomplishments result, in part, from the ability to adjust hiring to meet demand. UConn has focused on making certain that it has the appropriate number of faculty in the appropriate disciplines to meet anticipated student demand. Unlike the standard hiring practices in State government, the hiring of faculty is usually a six to nine month process, and because of the competitive nature of securing the services of outstanding research faculty, this process often requires an expeditious offer of employment. Enrollment growth and budget constraints have resulted in a growing student-faculty ratio at UConn, which, at 18 to 1, is already higher than that of our peer institutions. Just prior to the beginning of each semester, last-minute hiring decisions based upon expected enrollment, particularly for part-time faculty members, are inevitable. If decisions such as these had to be approved in Hartford, they would inevitably add time to the process forcing the University to make either premature judgments or risk not having the faculty necessary to

meet student demand. And on what basis would OPM and DAS personnel make their decisions?

Those comments are equally applicable to CSU and the Community Colleges.

Does retaining the flexibility extended in the early 1990s mean that the constituent units of public higher education are not subject to oversight of how money is spent?

No.

One intent of the flexibility legislation was to ensure that oversight was exercised at a high level by decision-makers at the gubernatorial and legislative levels. Accordingly, each year the General Assembly reviews each unit's state appropriation, which fund a large share – but not all – of the unit's personnel costs. The review includes subcommittee scrutiny of the budget of the unit, and hearings by the full Appropriations Committee. The members of the Board of Trustees of each unit are appointed by the Governor (in most cases), and are now subject to legislative confirmation. These publicly accountable Boards exercise governance authority over their respective units, following the statutes and the rules established pursuant to statutory authority by the Board of Governors of Higher Education, which is also responsible to the legislature. The Boards, after close review of detailed data, annually approve operating and capital budgets for the institutions for which they have governing responsibility. The Boards and the operating personnel follow all state contracting and purchasing procedures, and the Attorney General must approve all contracts in excess of \$3,000. The Auditors of Public Accounts regularly review the fiscal practices of each Board and each institution under their control. Because both CSU and UConn borrow to finance capital projects, bond-rating agencies and bondholders regularly review the fiscal stability of those systems, based on independently audited financial statements prepared in accordance with GAAP.

In short, it is a canard to assert that there is no oversight of the decisions of the public higher education units.

C. The third recommendation of the OPM Working Group: “break down the accounting system silos” across all of higher education.

It is not clear whether the OPM Working Group is recommending that CORE-CT (the state's accounting system) entirely replace the accounting system – Banner – that CSU (and the Community Colleges) has put in place, or that the state be provided increased real-time access to Banner.

There are many considerations that weigh against total replacement of Banner in the CSU and CCC systems by CORE-CT. (And, with respect to UConn, replacement of its system by CORE-CT.)

The three constituent units of higher education made decisions to implement their individual comprehensive accounting systems long before the state reached the conclusion that CORE-CT should be developed at the state level. Given the substantial investments that the constituent units had already made in their systems, at the time the CORE-CT project was begun it was determined to leave them largely intact (as the OPM Working Group recognized). To replace them now would be as costly as it would have been originally.

More importantly, it is not evident that CORE-CT could accommodate the detailed information now provided by Banner and UConn's system without significant modifications that would be cost prohibitive. Major issues involve the need to enable CORE-CT to deal with

- student payroll (for work-study and other students), which changes weekly,
- frequent changes for part-time personnel (instructors, graduate assistants and adjunct faculty) during the course of a year,
- billing for patient encounters at the UConn Health Center (obviously affecting UConn only), and
- multiple revenue sources (mainly for UConn's research grants).⁵⁵

Moreover, it is not clear that CORE-CT could provide the data security required to protect student – especially academic records and financial aid – information under the Federal Educational Rights and Privacy Act (FERPA), and student health care information under the Health Insurance Portability and Accountability Act (HIPAA).

If the intent of the OPM Working Group is to recommend the alternative scenario of providing increased real-time access to the accounting systems of each constituent unit, it is unclear what additional benefits would be achieved. In fact, such access without full understanding of the data might produce more problems than benefits. Based on a review by the constituent units when CORE-CT was originally implemented, CORE-CT is already utilized by each unit for numerous human services, payroll and finance functions. Moreover, both the executive branch and the legislative branch, upon request, receive detailed information and full contextual explanation about human resources and financial data. Given the complexity of the accounting systems in the constituent units, such explanations are absolutely required in order to prevent misinterpretations of the raw data. Providing direct access to real-time data, unaccompanied by clarifying narratives, would be fraught with the possibilities of misunderstanding.

⁵⁵ These major issues were ably reviewed in a communication sent by the University of Connecticut to the Legislative Program Review and Investigations Committee in November, 2010.

Conclusion

“Everyone is entitled to his own opinion, but he’s not entitled to his own facts.”

The FACTS are – based on data reported by DHE – that CSU is becoming less expensive relative to like universities in the other states, that its expenditures per FTE student are increasing by less than the Higher Education Price Index, that FTE student enrollment is increasing substantially, that it graduates each year far more students than entered six years previously, that it is graduating more students each year than any other higher education system in the state, that it is improving its minority graduation rate faster than the other public university, that it is increasing significantly the number of students majoring in science, that it is doing all this with non-faculty growth lower than enrollment growth (and in fact negative non-faculty growth since 2006), and that the increase in Management/Confidential salaries is less than the increase in state managers’ salaries.

In short, the conclusion of the report of the OPM Working Group, that recent decisions of the CSU Board “were at best imprudent, or . . . indicative of poor judgment by CSU leaders,” is wholly unsupported by the facts. And because it is NOT TRUE to assert that “the highest numbers of hires were for administration rather than faculty,” it is simply wrong for the OPM report to conclude that “the allocation of any new and scarce dollars was spent more on bureaucracy than on academics.”

Instead, it is reasonable to conclude that the Board of Trustees at the CSU System has been prudently and rationally using the flexibility in governance accorded it by P.A. 91-256, in order to achieve these positive results.

So it is respectfully suggested that the OPM Working Group’s recommendations for change be rejected.