

## **CSU: The Next 50 Years**

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Transcription first pass.

**Steven Stepanek:** The role of the chancellor of the California State University is as a chief executive officer of the country's largest senior system of public higher education. He provides leadership to over 40,000 faculty and staff and 400,000 students on 23 campuses. The CSU, which spans the entire state of California, has an average budget in better times, of more than \$5 billion. The CSU prepares the majority of the state's new public school teachers and 10% of the nation's K-12 instructors. Each year nearly as many people graduate with bachelor's degrees from the CSU as all the other universities and colleges in the state combined. With regards to Chancellor Reed he previously prior to his appointment at the CSU he served as the chancellor at the State University System of Florida and was also the chief of staff at the Office of the Governor in Florida. It is now my pleasure to introduce to you the chancellor of the CSU, Dr. Charles Reed.

[ Applause ]

**Dr. Charles Reed:** First thank all of you for inviting me here today. I think it's a good opportunity to look at the big picture, and I will say upfront Jolene pretty much gave my speech. [laughter] But I want to be clear about something. I have never recommended that the CSU budget be cut. Neither have any of the 23 presidents of the CSU made that recommendation or the vice chancellors. We have advocated the very best that we could to increase our budget. Frankly I came to California from Florida because of the mission of the California State University and who the California State University served and the mission of access and excellence.

Now, as Jolene said, somebody asked us to talk about the next 50 years.

First of all I don't plan to be here 50 years and looking at the front couple of rows I don't think those folks will be here either. Now, I'll do the best I can about the next 50 years, but I think to look to the next 50 years maybe first we have to take a look at the previous 50 years or so and you historians that are here and scholars I think it's important that we look at that history so that we do not make some of the same mistakes that have been made over the 50 years although in this country we tend to continue to make those mistakes even though we know the history of some of the things that have happened. In some ways the history of the California State University is the history of post-World War II America. CSU welcomed returning veterans with the GI Bill and the California State University expanded in size, scope, geography, and I am proud that the CSU is really the institution that helped build the middle class in California. CSU provided for older students, commuting students, working students. We have educated the baby boomers of our time and it's really been the people's university. Don Girth [phonetic] wrote a history of the California State University and I recommend that to all of you to thumb through. Now it's interesting. It's 998 pages. I said to Don, why is it 998 pages? He said the publishers said if I got to 1,000 they wouldn't publish it so he stayed under by 2.

As Jolene indicated, in 1960 the master plan formed three major segments of higher education in California; UC, CSU and the community college. Each segment was given a unique mission. The California State Universities have been a collaborative system of campuses, 23 of them and I hope that we have worked hard to maintain the unique strengths of each of those campuses. They are individual campuses on their own as a part of a system. That is one thing that I have been proud that we have worked hard to do. Now also looking back most everybody that went to college went full

time. Most of them lived in a dorm and almost all of them were from the middle class and they were white.

When you went to class during the last 50 years or so, you took notes on paper that was really based upon the chalk board. You don't find many chalk boards anymore in our new facilities. Another thing that you did is you took your exams in blue books. I might say that the writing might have been a little better then when you had to fill out that blue book, but we don't do that much anymore. In other words, things look a lot different today than they did during the past 50 years and as Jolene said 50 years from now things are going to look even more differently than they do today.

Now this might be controversial but I'm going to say it. I think in the next 50 years it will be a lot less expensive to go to college, and I think it will take less time to get a baccalaureate and a master's degree than it does today. That's because, one, the current financial and structural model that we have is not sustainable. We cannot continue the financial model that we have today. If we expect to provide access with excellence to all of those students in California and throughout the country that want to get a degree. Now why would I say this? I'll just share two examples with you, one, the post office. I don't think in the next 25 years let alone 50 years somebody is going to be coming around to your house and putting the mail in your mailbox. Somebody is going to figure out something else. Two, I know you have all seen this ad on television from Chase Bank the couple are bouncing around in their bed, they take a quick picture of their check and it's deposited in Chase. Now I don't know how that happens but that technology is on the way to higher education.

Now the one constant throughout all of this time and I hope into the future is the 50-year old master plan for higher education in California. Not two or three months go by that I don't have a delegation from Asia, India, Europe, Africa that doesn't come to the office to say will you talk about California's master plan? Because we need a similar plan in our country to educate our citizens. I believe that our predecessors were incredibly forward thinking in designing that master plan. They understood and they had an appreciation back in the early 1960s but even before that after the war of the long-term importance of higher education for a growing economy.

I'm not sure about the political leadership or the people in California today having that same forward thinking dedication to the next generation of students and that's something we all need to worry about. Even though higher education looks much different today the central elements of that pledge of the master plan remain true today and will remain true I think for the next 50 years. If California wants to reclaim its educational and economic prominence, we're going to need to renew and refresh that commitment to higher education.

I want to touch on two main topics; the future of higher education in this country, the future of higher education in California and specifically the CSU. One, higher education remains more important today than ever in our country. We're going to have to do a much better job of investing in biology, biotechnology, chemistry and in those sciences. I think the last 25 years we invested in physics and we saw what happened with that technology, but our future are in these other sciences because we need to solve diseases, we need to cure cancer, we need to beat some of the diseases that afflict our people. I also think that we're going to have to invest more in our scholars and in our campuses about Asia and India because they're becoming superpowers and we need to understand them, we need to speak their language, we need to understand their economy, we need to understand how to work with them. We will continue in this country to have a rapid growing information economy. Many jobs will be tied to technology and global awareness.

Now, for those of you that are faculty members in general education and in the disciplines our students need to understand how to think, how to analyze, how to solve problems. They need to know how to communicate both in writing and orally. Think about the companies that make presentations every day. They need to learn to work together in groups and teams. They used to call that cheating on the campus. Our students need to know how to interact with different cultures. They need to know how to use technology and fix technology and our graduates need to speak more than one language. Nearly eight of every ten jobs in the next 40 or 50 years in the United States will require a bachelor's or master's degree. Bachelor's graduates, recipients of a bachelor's degree will earn 70% more over a lifetime than a high school graduate. With the current unemployment rates 12% in our state about something around 5% of people that have baccalaureate degrees as unemployed so you have double the chance of not being unemployed. Citizens who have accomplished a baccalaureate degree are found to be healthier individuals. They have greater child-rearing practices, they tend to vote more than other people, they volunteer in their community to build better communities.

Secondly, universities are going to begin if they haven't already to move away from bricks and mortar. That capital just costs too much. I think we're going to see more and more students looking for evening, weekend and alternative schedules. The folks in the for-profit business figured that out, we need to beat them at their own game and we need to be able to offer those students degrees at our prices, not the outrageous rip off of these for profits. Jolene said this, more learning and more dialogue with our students will take place online. It will grow and grow and grow. The social media networks will become the new discussion forms, the new seminars. Work will happen in virtual libraries, in virtual chemistry and physics and biology laboratories. Students will no longer need to be in a specific place at a specific time. I see Senator Padilla here. Hopefully the CSU will have the most seamless transfer system from community colleges to the four-year institutions in the United States. There is no reason why we shouldn't have that and that transfer system is going to be a challenge because more people will be taking more courses online and we're going to have to figure out how to evaluate that.

Number three, the fastest growing student population in the United States and in California is among the traditional under-served people of our country. The rest of the country is about 15 or 20 years behind California so we need to be a laboratory in figuring out and sharing with other states and universities how we're serving the under-served community. The Latino population is expected to triple in size in the next 40 years. By 2050 Latinos will make up more than 30% of the United States population. Currently Latinos make up a majority of California's public school population; more than 60%. One in four Latinos drop out of high school before they finish. We have to take some responsibility for that and figure out how to fix that. Many of these students come from homes where English is not the first language spoken. Many or most of these students will be the first in their family to graduate from college. This new population in the United States and now in California will need and demand more outreach and assistance from us. Now, the CSU and the California budget situation. Jolene did a pretty good job of sharing about that, but I want to repeat this about mission and about values.

The California State University value is committed to providing access to as many students from the diverse communities of our state as we can. Access and excellence will continue but I hope more so. CSU will have the most influence on California's future by producing the workforce in California for the next 50 years. In fact, this value I think is making the CSU stand out among all universities

across this country. Many of our programs in the CSU are becoming programs throughout the United States especially to the under-served students. Our how to get to college poster. We have now printed more than 5 million of those posters about how to get to college, what courses to take, what exams, how to apply for financial aid, and we have produced that now in nine languages. Thank God for the Boeing company. They just keep giving us money as long as we put their picture on the poster. [laughter]

The California State University and the State Board of Education in California developed an early assessment program. That program is being reviewed now as the forerunner to measuring the common core standards that 47 governors have adopted. That test is given to about 480,000 high schools juniors every year and we're able to write back to those schools and those students and tell them whether they're ready for college, but we don't want them to waste their 12th grade year. We want them to take algebra II again, we want them to take English again so that they're prepared. One thing we know if you come to college and you're prepared, all the data, all the research says you're going to graduate. Those who come unprepared won't do as well. Now, I know this may be controversial, but we're looking at an early start. Why not get everybody prepared for college before they get here? So if you can't do it in the 12th grade, maybe you can do it in a few weeks in the summertime then when you enter, you're earning credit. You only need 60 to become a junior and 60 more to graduate.

Our super Sundays have been enormously successful. We have seen a 25% increase in African American applications for admission over the last six years. We went to over 100,000 families and a 100 Black churches throughout California in February and part of March. Our PK program focused mostly on Latino mothers. I was at Cabrera High School on Tuesday night for their graduation; 70 mothers graduated who understand what they need to do for their kids to go to college. Our graduation efforts. What you have done here and throughout the system I commend you for it. We know that we need to provide more student services to help our students graduate. I believe because of these and other efforts the CSU has more national influence today than we've ever had before.

Size and scale matters. If we can do it here, you can do it anyplace. The CSU helped rewrite the Higher Education Reauthorization Act. Of course, it helped that Buck McKeon was from your area and George Miller chaired the committee. We were the only system that was asked to testify on reauthorization. We led the federal testimony on direct lending. We helped write the College Board Report on serving the under-served students. We were the leaders on national accountability effort. Jolene led the effort on accountability and the public good page, which is now copied throughout the United States. I think that the movers and shakers in Washington don't do very much without checking with us first.

Unfortunately, what dominates our priorities right now is the budget. When I wake up every morning and I look in the mirror, I have to start thinking about the budget and how can we hold this system together to get through this crisis. How can we serve as many students as we can? How can we keep as many of our faculty and staff as we can? I might say that the budget situation is the worst that I've ever seen in my more than 40-year career. I thought I did my best work in 2008, '09, '10 when we got through the 650 million cut and everybody shared in that pain, but this challenge on top of that only way I can say it is one hell of a challenge. Now, we're going to do it a little differently than I did in 2009, '10 but with the same principles. Serve as many students as we can, keep all the people that we can employ because I want everybody to continue to keep their health care and

their jobs, but the bottom line is California as a state is about to have a big train wreck. That's the only way that I can say it. It will be a train wreck if it's an all-cuts budget of \$25 billion. That is a 38% budget. Anybody in here from a business? If you took a 38% cut in your revenue in one year, it's a wreck. What I'm worried about is that if this wreck occurs it's going to take a long time for California to recover.

Now I want you to say this, I want you to feel better. I'm an optimist. You have to be in my business, but I am optimistic that the governor and the legislature is going to figure out how to do it. Now I'll talk about what it is in a minute, but as Jolene said they've already made a decision that the CSU is going to take a \$500 million cut. On top of that we have to be able to pay for our continuing operational costs; that's about \$50 million. Of that \$50 million, 39 million of that is our health care costs. I'm not sure that that's sustainable but we've got to figure that out and the rest of the cost is mostly energy costs, fuel and things like that. Now, I guess it was about three weeks ago the governor's plan to put the tax extension on the [inaudible] didn't pan out.

Now, I think that the governor and I know the legislature are going to enter into this is my term a pick-off strategy. That's picking off two republican senators, two republican assembly members so that they can get a two-thirds vote to continue the three revenue resources that expire on June 30th. That's the income tax, the car tax and the sales tax. I'm optimistic that they're going to get that two-thirds vote. I'm not quite sure after they get the two-thirds vote whether there will be another vote of the people but I hope that that's down the road a year or more so that we have some stability. I was very pleased two weeks ago I met with the Governor Mark Yudof, Jack Scott and I, and after we met for an hour and a half he went out to the press and he said I don't want to cut these universities anymore. He said the universities are the greatest wealth generators in our state. So he has that understanding, I think he has that passion but we're in a tight spot because their decision making timelines and ours don't match up.

We've already decided how many students to admit next August. I have a big decision to make in July or the first of August how many students to admit in January as community college transfers. So, you know, you're dealing with no information and having to make very costly decisions. As I said about the CSU, it is the economic engine that prepares California's workforce. We graduated 94,000 students last year; however, if we're going to meet California's economic needs by 2025, California needs to graduate a million students. We need to move from where we are to about 140,000 or 150,000 graduates. Now we can do it if we had the resources. We have got the capacity to do it. The CSU has joined UC in the community colleges in calling for a long-term plan. We didn't call it a master plan, it might be a compact, it might be an agreement, but we need stability. We need to be able to plan for California's future. We need to know how many faculty members we can hire, how many students we can admit, and we told the governor that after this spring we were going to be coming back to him to ask him to help us put some stability.

One of the biggest challenges that I face everyday frankly is the minority of CSU folks choose to criticize our institutions, the CSU, the chancellor's office. We ought to all be working together. We ought to all be saying that we want only the best for the CSU. Now, I know this if you go to the horse races and you beat up this dead horse everyday nobody is going to put any money on him. We need somebody to put their money on the CSU. In the meantime, we'll persevere, we'll keep doing what we do everyday bringing high-quality education and access for the people of California. We will get through these tough times and once the California economy starts to come back that big economic engine out there will generate the revenue. My thing is this, we need to have the legislature and the

governor prepared to re-invest in our future and in California's future. Last night I was thinking about this and I said, you know, what kind of gets me through tough times? Well, I like Churchill and I like to read about Churchill. You talk about getting through tough times. So let me just share as I end here a couple of things that he has said. One, he said always aim high and our plans to aim high. He said to improve is to change, to be perfect is to change often. He said success is never found, failure is never fatal, courage is the only thing. There's no substitute for hard work. If you're going through hell, keep on marching. Never let criticism get you down. Last, you've heard this over and over, never, never, never give up. Thank you for what you do as scholars, teachers, professors everyday for our students and thank you for joining your colleagues today to talk about California State University's future.

[ Applause ]

I see my friend, Senator Padilla, here but if I go to a meeting, you know, I want to come home at least hearing a story, okay, lighten things up a little bit. Let me share with you a story about admissions. This is the time of year that admission's to universities is very important. I think May 1st is the date that some institutions are put out there to say notify us of your admission that we offered you by May 1st. Now, there may be an admission's officer in here but I'm going to say this. Admissions is not a science. Okay? You understand that. I'll tell you a story. A student and their parents that lived in Washington, D.C., applied to Wake Forest and they sent all the material in and their essay and they went down to Wake Forest to be interviewed for admission. The end of the interview the admission officer said, you know, Wake Forest is a Baptist school and we got to save room for the Baptists. I'm sorry, we're going to have to deny your admission. So, they came home and the next thing they did is they applied to SMU. So they flew down to SMU same ol rigmarole the admissions office said, you know, we have to save so many spaces for the Methodists and I'm sorry you're not a Methodist and so we've got to deny your admission. So they fly home and they're dejected, but there was a school just down the road about an hour and a half away some of you may know it, James Madison University in Virginia. So they go down to James Madison after they applied, meet the admission's officer and they're in there and the admission's officer said I'm sorry we're going to have to deny your admission. You live out of the state of Virginia and we can only take so many out-of-state students and by then this kid was just fed up. So he let it slip and he said, I'll be a horse's ass and with that the admission's officer said you know what? If you can document that, we can get you into the University of Virginia. [laughter]

[ Applause ]

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