NCSCBHEP Panel - Public Education/Private Funding - Handout

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NCSCBHEP

A Presentation by

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The City University Graduate Center

365 Fifth Avenue (at 34th Street)

New York, NY

Monday, April 11, 2011

11:00 A.M. to 12:30 P.M.

A Panel: Public Education/Private Funding

Public institutions of higher education across the nation are struggling to respond to these challenging times where funding from the state continues to decrease. How are (or should) higher education respond to the reduced commitment from the states? What are other institutions doing in response? What is happening at the state, federal and institutional level and what is the impact on collective bargaining?

Following a brief presentation by each panelist, participants will have ample opportunity for questions and interaction with the panelists.

* * *

My presentation will touch briefly on the above questions and, by way of background, will begin with two Assertions and six Planning Assumptions:

**Assertions**

1. Public Higher Education in Pennsylvania is being privatized without a plan.[C1],[C2]
2. Public Higher Education in America is also being privatized without a plan.[C3]

**Planning Assumptions**

1. Cal U, founded in 1852, will continue to exist for the indefinite future; and for the indefinite future, Cal U will continue to be privatized without a plan.
2. ‘Public’ universities that prepare for the difficult transition to de facto ‘private’ status (i.e., near-zero state funds) will have the best chance of succeeding as ‘private-public’ universities.
3. For nineteen years, Cal U has worked hard to position itself to succeed in just such a world.
4. The problems that this transition to ‘private-public’ status creates for the universities and for the students who attend them will not be solved, at least initially, in Harrisburg or in Washington, D.C. The universities themselves, and the System of which they are a part, will need to provide sustained leadership and vision. [C4],[C5],[C6]

5. The privatization of ‘public’ universities became unavoidable because of a gigantic 50-year shift in the demographics of American society. Between 1950 and 2000 the percentage of voting households with at least one person 18 or younger living there fell from 57% to 34%. By 2000, fully two-thirds of the voting households in America could no longer benefit directly from public higher education and—one may safely assume—the people living there probably wouldn’t want their taxes raised to send someone else’s son or daughter to college.

6. While the shifting demographics made privatization unavoidable, they would seem to have had little bearing on whether that privatization should continue to occur without a plan. Since the last 27 years of privatization have occurred without a plan by our elected officials, it is extremely likely that a similar situation will persist indefinitely unless and until the ‘public’ universities, and the System of which they are a part, take the lead in developing a plan for privatization that is acceptable to all the relevant parties, including the universities, the System, the Governor and the Legislature.

The Questions

1. How should higher education respond? As the financial commitment from the states continues to decrease, higher education should respond by transforming itself to operate with less and less state funding as we rapidly become effectively private—in the sense of receiving little state support, while remaining nominally public—that is, legally subject to state regulations that, unfortunately, inhibit our ability to compete as a private institution.

2. What are other institutions doing in response? One institution, Cal U, has been actively engaged in transforming itself, to the degree possible, into the ‘private-public’ institution it is rapidly becoming.
   - What are we doing?
     - Transformed the campus appearance to look like a private school;
     - Moved to achieve national accreditation for professional programs;
     - Used public-private partnerships to generate alternative revenue streams;
     - Created “Global Online” to grow online enrollment and marginal revenue;
     - Developed a “Student-Philanthropy” program to transform our giving culture;
     - Adopted an entrepreneurial mindset in looking for “win-win” partnerships.
     - Marketed heavily to develop a positive and attractive ‘brand.’
   - What might we do if certain rules and regulations were relaxed or removed?
     - Go to a higher tuition – higher student aid model using ‘tuition discounting;’
     - Adopt more agile and less expensive procurement policies and procedures;
     - Adopt more agile and less expensive personnel rules for hiring and promotion;
     - Adopt more agile and less expensive construction policies and procedures.
3. What is happening at the state, federal and institutional level?
   - Nothing that I have seen at the state and federal level is likely to help our institutions or our students anytime soon. With the expiration of the ARRA (“stimulus”) funds, and the continuing struggles of states dealing with sharply reduced tax collections on the one hand, and balanced budget constraints on the other, most states are planning on sharply reduced appropriation to their ‘public” institutions. Also, both federal Pell grants, and Pennsylvania PHEAA grants, are expected to be reduced for next year.
   - At the institutional level, many schools are preparing for draconian cuts in funding which will, in turn, lead to cuts in programs, sections, staff and even faculty.

4. What is the impact on collective bargaining?
   - That impact is likely to be both negative and severe. This latest gigantic drop in state funding, on top of so many other less-severe drops in recent years, will stress even further the already strained relationships between management and labor that resulted from the accumulated cuts of previous years.

5. The solution is a partnership between management and labor that would consist of two parts: a) stop the quibbling between labor and management over a shrinking pie; and b) work together to make the pie larger. To continue to believe that the states will magically start to fund public higher education the way they once did is not warranted, either by the demographics of the United States since 1950 or by the state budget histories of the last three decades. On the contrary, the laws of economics dictate that the public institutions that will survive—and even thrive—will be those who work to generate alternative sources of revenue to make up for the funds inexorably being lost in state appropriations.