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The City University of New York
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Good afternoon. I am honored to join you here at the Institute, which is doing wonderful work in advancing the very best ideas and practices in higher education. I would like to have a conversation about *public* higher education—its current challenges and its successes and opportunities. Of course, I see this issue primarily through the lens of The City University of New York, so I will talk today about the changes we have made at CUNY over the last several years, changes that speak to some of the larger issues in public higher education.

In 1991, I became president of Baruch College, and, after a short time on the job, I found a couple of troubling issues:

- Employers were not as enthusiastic about hiring our graduates, even though our academic programs, particularly in business, were sound and rigorous.
- Our student body was very mixed with regard to academic preparation—ranging from those who were very sharp to those who were struggling. To me, this indicated a very poorly conceived admissions policy at the college.

So, I began making changes at Baruch:

- We changed the admissions criteria.
- We petitioned the board to reduce the reliance on remediation.
- We closed a moribund School of Education (a school that was unnecessary with eight other schools of education on CUNY campuses) and redeployed resources to open CUNY’s first School for Public Affairs.
- We focused on fundraising, which, by the end of my time at Baruch, had grown significantly, because alumni were becoming more sympathetic to their alma mater.

I began to believe that what we were doing at Baruch could be scaled up and employed at the entire University. In 1997, I gave a policy address to the Manhattan Institute, laying out what I thought needed to be done at CUNY. This included raising standards, tiering the system, eliminating remediation from the baccalaureate institutions, and investing in selected academic programs to bring distinction to the University. Little did I know that just two years later, Benno Schmidt, former president of Yale and now CUNY’s board chair, would chair a task force that prepared a comprehensive report detailing deficiencies at CUNY and ideas for change.

Soon after, I was approached to be CUNY’s chancellor. With the help of a supportive board—which was critical to our ability to move forward—I knew that together we had to address several issues immediately. For example:

- Admissions criteria were essentially the same at every college, regardless of the college's mission.
- All of the CUNY presidents were compensated at the same level, regardless of the size and the scope of their institutions. And to make matters worse, there was no mechanism in place to reward performance through merit review.

So, today I'd like to tell you briefly about the significant advances we have made since 1999, and then, if there is time, I'd like to talk about four important challenges that public and private universities must confront now and into the future. I believe that understanding what we've done at CUNY is important in determining where we are going. As the author William Faulkner said, "The past is not dead. In fact, it's not even past."

We began to put an infrastructure in place in three major ways.

First, we raised standards to ensure the value of a CUNY degree.

- We tiered the system to allow for multiple points of entry. Admission standards for the CUNY senior colleges were raised, while open enrollment at the six community colleges was retained, and remediation was located, appropriately, at the community colleges.
- Freshman skills tests were replaced with nationally normed tests.
- The CUNY Proficiency Exam was instituted, and must be passed by every student in order to continue beyond 60 credits.
- Improvements were made to our teacher education programs, based on state and national standards. As a result, on the two exams required to teach in New York State (the Liberal Arts and Science Test [LAST] and the Assessment of Teaching Skills-Written [ATS-W]), the pass rates for many CUNY colleges increased from below the norm of 80 in 1998 to the high 90s today.

The result of these changes has been the admission of better-prepared students (as indicated by an increase in average SAT scores), increasing retention and graduation rates, and our largest enrollment in three decades.

Second, we focused on creating a flagship environment by emphasizing the University's core academic values.

- Since 1998, we have added over 1,000 full-time faculty members, with the goal of having 70 percent of our classes taught by full-timers.
- We have instituted cluster hiring initiatives in selected disciplines, such as photonics, digital media, U.S. history, teacher education, biosciences, urban environment, demography sciences, art history, visual art, and foreign languages, to strengthen areas of emerging national prominence.
- We have focused on attracting strong leadership to our campuses; in fact, since 1999, all but five presidents at the University's 23 colleges and professional schools have been replaced.

The third part of establishing an infrastructure was the implementation of a performance management system. Early on, we changed the bylaws so that the CUNY college

presidents report to the chancellor, not to the board. Then, in 2001, a performance management system was instituted. The chancellery sets annual goals and targets and develops metrics as indicators to determine whether those goals and targets have been met. Compensation for administrators is completely tied to this performance review.

Once the infrastructure was in place, we were able to focus on other changes. Let me mention just a few of these changes.

In 2001, we opened the CUNY Honors College. It has attracted some of the city's most accomplished students—for example, the winner of last year's Intel Science Talent Search, David Bauer—and applications to the college have increased dramatically since its creation. The current enrollment stands at over 1,200 students. The academic profile of the students also continues to rise, and the most recent class had an average SAT score of over 1380 and a high school average of approximately 94 percent. We have also been pleased to find that the Honors College draws high-achieving students who may not be admitted to the college itself but stay at CUNY in one of the excellent honors programs at our campuses. And the college has also proved to be a source of alumni and foundation donor support, demonstrated most recently by a \$30 million gift from donor William Macaulay to purchase a building that will be the college's permanent home, and to add to its endowment.

In 2003, we opened the CUNY School of Professional Studies. We envisioned the school as a nimble way to develop academic programs in response to market needs, and today it continues to develop high-quality educational programs for businesses, not-for-profits, and government agencies. And since part of the revenue generated by the School of Professional Studies goes to support doctoral education, it is helping to meet another pressing need at the University. The school houses CUNY's first comprehensive online degree program for those who started, but never finished, their degrees. The school is designed to meet the needs of working adults, parents, and students with disabilities. The online degree started this fall with about 300 students.

In 2005, we developed the CUNY Graduate School of Journalism, which opened its doors this fall to its first 60 students. We are particularly proud that it is the only public graduate school of journalism in the Northeast. It was developed with the purpose of enabling students of high academic attainment but limited financial means to further their education here in New York City, the media capital of the world. Its founding dean, Steve Shepard, the former editor-in-chief of Business Week, has done an outstanding job of building an excellent faculty and academic program, housed in the historic former headquarters of the New York Herald Tribune, which is now outfitted with wireless classrooms and a state-of-the-art newsroom.

Planning is currently under way to create the first public Graduate School of Public Health in New York City. The need is clear: by 2007—next year—half of the world's population will be in urban areas. And demographers are predicting that by 2030, three-quarters of the Earth's population will be in urban areas. Those urban environments are already facing major health challenges: obesity, diabetes, tuberculosis, AIDS, and other

sexually transmitted diseases. I have asked President Jennifer Raab at Hunter College, which is the logical place to house the school, to lead our effort to create a school that will address these and other issues.

The last change I will mention is the launch of CUNY's first-ever fundraising campaign in 2004, with a goal of raising \$1.2 billion. We are very pleased that over \$850 million has already been raised—including recent gifts from Intel co-founder Andrew Grove, CCNY alumnus William Macaulay, and former Secretary of State Colin Powell. And it has been gratifying to see a significant participation rate by alumni and friends who had previously been reluctant to become involved.

Now I'd like to talk about the future. Specifically, I'd like to look at four areas that represent major challenges to higher education.

The first challenge to address is the financing of public higher education. Let me share with you a couple of interesting statistics related to state funding of public higher education:

- From 1989 to 2006 at CUNY, tuition revenue to support operations increased by 293 percent at our senior colleges. During that same period, tuition revenue to support operations at two-year colleges went up 207 percent.
- During the same period (1989-2006), direct support from the state for CUNY's senior colleges increased by just 18 percent. So, while students bear a 293 percent increase, the State of New York bears an 18 percent increase.

It's clear that today the financing of public higher education is moving away from government and toward students—and this is not a good thing. The line between public and private universities is increasingly blurred. If an alien landed in California and saw UC Berkeley on one side and Stanford on the other, would he know which is public and which is private?

In New York State, the public financing of public higher education has generally been limited to the funding of mandatory costs, such as those associated with collective bargaining. However, it is clear that serious investment is needed if we are to pursue any long-range initiatives.

This past year, I suggested a new approach for supporting University, which we have called the CUNY Compact. The Compact is essentially an agreement among CUNY's stakeholders—government; the University itself; students; and friends, alumni, and supporters of the University. To achieve true investment—that is, the resources that the institution needs now and into the future—all of the stakeholders must work in partnership. The Compact asks the government to cover mandatory costs, plus 20 cents on the dollar to cover programmatic initiatives. The University covers the remaining 80 cents through the other stakeholders, in these ways:

- The University generates a portion through a redeployment of resources, managed enrollment growth, and true productivity and efficiencies.

- Our students must not continue to bear the major brunt of this funding shift away from government. Instead, we need, first, a rational tuition policy in New York State, based on information from a basket of economic indicators. Instead of big spikes in tuition when there is a downturn in the economy—when people can least afford it—I propose that during the implementation period of an adopted master plan for the University that there be continuous, small increases in tuition. At the same time, we must ensure that the most vulnerable students are protected. No one who has the motivation and academic credentials should be prohibited from matriculating at CUNY. Second, we need to deregulate tuition. The one-size-fits-all approach doesn't work. I believe we must look at the market demand for different academic programs and change our tuition policies based on what the market informs. We can take the difference between what would be charged in an unregulated environment and what is charged now, and invest those funds back to those particular programs.
- Alumni, friends, and supporters must also be involved as important stakeholders. The idea of a president opening up the gates of a college and hoping that the students and money will just flow in is a dream that is over. That's why we launched our Invest in CUNY fundraising campaign two years. At the time, the idea of raising \$1.2 billion seemed crazy—we had never raised that kind of money. But we are.

In terms of capital appropriations, we should be using more leverage in our financing models by seeking matching funds and utilizing partnerships with developers.

The CUNY Compact is an approach to generating investment in the University that does not place the burden of that investment solely on the shoulders of taxpayers. That's just not doable. Unless we find a fresh approach to financing our needs, we will not be able to move forward.

The second challenge to public higher education was articulated in Secretary Spellings' recent commission report on the future of higher education. The report stated, "Access to higher education in the United States is unduly limited by the complex interplay of inadequate preparation, lack of information about college opportunities, and consistent financial barriers." [unquote]

We know that these access and achievement gaps especially affect underserved and nontraditional groups, as indicated by recent data and quoted in the commission report:

- In 2003, the U.S. Census Bureau reported that by ages 25 to 29, about 34 of every 100 white students obtains a bachelor's degree, compared to 17 of every 100 black students, and just 11 of every 100 Latino students.
- In 2006, the U.S. Department of Education reported that 36 percent of college-qualified low-income students complete a bachelor's degree within eight-and-a-half years, compared to 81 percent of high-income students.
- Last year, the College Board studied the percentage of family income needed to cover net college costs after grant aid is factored in. For family incomes under \$62,000—a very modest income—66 percent of the income is needed to pay for

- two-year public institutions. For four-year public institutions, 73 percent of the income is needed.
- And this year, The Chronicle of Higher Education reported that 44 percent of university faculty surveyed say that students are well prepared for college-level writing—compared to the 90 percent of high school teachers who think they are prepared.

We can draw several conclusions from these data. First, the disconnect between schools and universities has to be closed. There must be alignment between what universities' expectations are and what the schools are producing. Second, financial aid must be reformed to address the most financially vulnerable students, those who are qualified and desire postsecondary education. And third, we must ensure that students are better prepared. In New York City, only about 35 percent of ninth graders earn a Regents Diploma—a college preparatory diploma—in four years.

At CUNY we recognize education as a K-16 continuum, and we have created extensive partnerships with the New York City Department of Education to enhance students' readiness for, and participation in, higher education:

- We have built a network of public schools on our campuses, with 15 affiliated high schools already in operation. Through a large, multiyear grant from the Gates Foundation, we will also create 10 early college secondary schools; six are already developed, and the remaining four will be completed this year.
- Our very successful "College Now" program helps high school students meet their high school graduation requirements and be prepared for success in college. The program is currently in over 225 public high schools and serves more than 30,000 New York City public school students.
- In partnership with the Mayor's Office and the State Education Department, we have developed an expertise in adult literacy and second-language instruction, and currently serve over 20,000 people every year. Adult literacy/GED programs are on 13 CUNY campuses.

The third challenge to public higher education is the need for investments in "STEM" programs: Science, Technology, Engineering, and Mathematics. Scientific literacy is a sine qua non for an educated citizenry and a globally competitive nation. Students today need a certain level of scientific literacy to compete in our rapidly changing economy.

Several problems must be addressed in order to meet that goal:

- We currently have too few competent teachers in mathematics and sciences. At CUNY, under the leadership of Dr. Selma Botman, our University Provost, we have created a new Teacher Academy. The academy's goal is to educate students who are well prepared to teach math and science in New York City's high-need junior high and high schools. The academy, I am proud to note, is part of the New York City Partnership for Teacher Excellence, with NYU and the Department of Education.
- We also have too few students in United States studying in these fields. The STEM fields are difficult, and students must start early and build a foundation of

knowledge. Many students working in graduate school labs in the United States are visiting from another country, and will eventually return home.

- In addition, the United States is being outgunned by places like China and India. For example, China's goal is to develop and fund 100 world-class universities through the China 211 Project. (I will be visiting China this month to see what opportunities exist for CUNY through this project.)
- The European Union plans to create a world-class technological institute. In fact, the primary objective of the Bologna Process, which I was very involved in a couple of years ago, is to create a competitive European higher education sector.

The United States must wake up to these challenges. We must begin to train more American students and bring—and keep—more international students to the States. At CUNY, we announced last year that the years 2005 through 2015 would be the Decade of Science at the University. We will expend about \$1 billion in capital appropriations for new science facilities throughout the University, and we will make serious investments in hiring faculty and bringing some of the best doctoral students to the University. At the same time, we plan to invest in specific scientific disciplines, such as photonics, nanotechnology, biosensing, structural biology, and neuroscience. Selecting particular areas is a gamble, but one well worth making if we expect students to succeed in a very competitive marketplace.

We also need changes in federal regulations. At CUNY, we support the effort (and endorse the view of the Spellings Commission) that provides international students who graduate with an advanced STEM degree from a U.S. university with an expedited path to an employer-sponsored green card. They should also be exempt from the numerical cap for green cards. And we support eliminating the requirement that in order to receive a student visa, all students must prove that they have no intention to remain in the United States after graduating. We need to bring to this country some of the great young people who are studying in China and India and across the globe, because there are simply too few of them here in the United States. We must have a regulatory framework that enables them to work for companies in the United States.

Finally, the last challenge for public higher education is improved accountability. At CUNY, we are proud of our Performance Management Process, instigated about four years ago, which is probably the most comprehensive process of evaluation by any university in the country. Our goal is to measure as many areas as possible and to make the information available, for true transparency. However, we lack good data on how the institution adds value to student learning and how this compares to other peer institutions. This is not an easy measurement for any institution. We need to know what students know when they come in on day one, and what they know when they leave at the end of their time at a college or university. Quite frankly, implementing such a process is a minefield. But in order to get the political support we need so that this country will truly embrace the value of higher education, we must be able to stand tall and proudly show what we have done. The next phase of measurement must focus on that.

I'd like to touch on one other area of great concern nationwide: our community colleges. I believe we need a new model for community college education. Nationally, only 16 percent of community college students receive an associate's degree within six years of beginning college. This is unacceptable.

At CUNY, we are proposing a model that would revive a primary purpose of community colleges—to prepare students for well-paying jobs that benefit both the graduates and their surrounding communities. The associate's degree is the ideal educational experience to link low-income people to a well-paying job and career.

Typically, community colleges embrace a traditional four-year college model of education. Our model is designed specifically to suit the needs of prospective community college students who may not have been strong students in secondary school.

Each year, we would recruit about 1,000 low-income students to the six CUNY community colleges. Students would be grouped in cohorts to attend to their educational, social, and personal support needs, and would receive mentoring from senior faculty.

These cohorts would participate in a pre-college summer experience to get a head start on their college coursework, participate in a paid work experience, and become familiar with college and work expectations, intellectual as well as behavioral.

Participants would then begin a full-time college program that would result in an associate's degree, integrated with paid work in a field of study that leads to a successful career.

We believe that CUNY graduates of this program will enjoy significantly enhanced opportunities to achieve social advancement and professional fulfillment as part of New York City's trained workforce.

A successful community college experience is truly a foundation to great personal and professional advancement, and we are eager to refine a model that will offer the best educational experience possible.

Thank you for your kind attention this afternoon. I would be happy to answer any questions.