



MEMORANDUM

August 24, 2011

To: Members of the Roseville Higher Education Task Force

From: Jonathan Brown

RE: Options

I regret that because of some unfinished business in Mexico over the last two days I was unable to return for the meeting tonight.

Presented below is an analysis of the current setting for higher education in the state as well as some possible options to consider.

- 1) The setting for Higher Education in the state
 - a. Both public and independent higher education under stress.
 - i. Public – in the current budget CSU and UC experienced a \$650 million reduction in General Fund Support. While increased fees made up part of that – the number of students in both sectors will decline.
 1. That is not a momentary problem and is expected to continue for a couple of years.
 2. For the first time in the history of California – UC will receive more funds from student revenues than from the General Fund.
 - ii. Independent – In the economic downturn the independents suffered significant risks on their financials
 1. There was an inverse relationship between the level of endowment and the amount of risk (in this case smaller endowments actually were a positive).
 2. The independents are able to compete more successfully for the best students (who would have gone to UC or CSU in the past)
 3. At the same time there is a growing recognition that the existing financial model (which relied on growth in tuitions well above the rate of the CPI) is broken.
 - b. In both sectors there is an increased insecurity about the role of technology in higher education.
 - c. There is also a recognition in both sectors that the growth in governmental support (general fund and increases in financial aid) is likely to slow in the next few years.
 - i. The recently passed Deficit Reduction bill – eliminated the in school interest subsidy for graduate and professional students
 1. Will raise the marginal cost of pursuing such degrees

- 2. When coupled with the significant increases for fees in professional programs in UC and CSU – may limit the interest of students to pursue those fields.
 - d. Universities are often place bound – defined by where they were founded.
 - i. In previous efforts we tried to attract universities from around the world
 - 1. It takes both perseverance and a bit of luck
 - e. The recent news about Drexel and University of Sacramento are not promising
 - i. Drexel has limited its options in the region
 - ii. University of Sacramento has closed
 - iii. But we may be at the low point in the cycle
- 2) Option #1 – Create a new campus from scratch
- a. Cost between \$100 and \$200 million over a fairly short period of time.
 - b. Need an intellectual guiding force (and a lot of financial commitment).
 - i. Good examples –Stanford or Thomas Aquinas College
 - c. Land by itself is not enough.
 - d. Critical for an individual (or group) to have a high level contact with the Board and Administration of a campus – even then getting a decision is not an immediate process.
 - e. Option 1A - Get a campus to move
 - i. Some campuses have moved for the right offer
 - 1. University of the Pacific to Stockton (1920s)
 - 2. Saint Mary's to Moraga(1920s)
 - 3. Simpson to Redding(1980s)
 - 4. William Jessup to Rocklin (1990s)
 - ii. From my perspective there are no independent colleges in the state that are likely to move in a short period of time.
- 3) Option #2 – Attract a branch campus
- a. The campus needs to see the benefit of creating a new campus as opposed to growing existing campus
 - b. Benefit is that it may require less initial capital
 - c. Cost – assuring a campus will have interest is a complex task – need high level contacts and even then it may not be possible.
- 4) Option #3 – Create a learning center to attract a group of campuses
- a. The Roseville area is a cluster of tech related activities
 - i. Could the city solicit a group of institutions interested in an aspect of expertise for the area?
 - 1. For example – could the area attract a cooperative venture among schools of education to work on improving Science and Math Education?
 - ii. Benefits – would cost a bit less than the other options.
 - iii. Cost – would need to do some serious recruiting to think about how to attract a range of institutions
 - iv. Could eventually develop into a more developed campus or a set of learning clusters

- v. A good example if the Columbia Demonstration School
 - vi. STEM education is of high interest.
- 5) Option #4 – Create an intellectual base
- a. Davos became famous because it congregated a group of people interested in global economics.
 - b. Could the city or the region begin by choosing an area of great interest to scholars and practitioners around the world and develop a “Davos” in Roseville for that area?
 - i. Within a short period of time the region would be known for this conference and could begin developing educational programs either with one university or with many.
- 6) The Role of AICCU
- a. The Association is supportive of efforts to develop more opportunities in the community
 - b. We have worked closely with any group that would like to explore options
 - c. My successor is a resident of Placer County.
 - d. I would be pleased to continue to work on this project in any way to be helpful

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