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State of the University, 2009-2010

Convocation, August 28, 2009

Thank you, Interim Provost Para, and welcome students, faculty, staff, Board of Governors, Alumni Association Board of Trustees, honored guests, to our new academic year at The Beach. I first would like to thank our Chair of the Academic Senate Professor Praveen Soni and Provost Para for their timely and well thought out remarks as we head into another academic season.

It is my distinct pleasure to also welcome you to the 2009-2010 California State University, Long Beach Convocation. Over the years this event has become very important for our university because it is one of the few times during the year where our faculty and staff are able to collectively come together to exchange ideas in preparation for the upcoming year.

Convocations in the past have given me an opportunity to share with you our recent year's achievements while also discussing many of the new initiatives that will occur during the academic year. Unfortunately, due to the state budgetary circumstances caused by a dysfunctional state government in California, the focus of my presentation this year will be a bit different than it has been over the last four years. I will get into those issues a bit later in this presentation.

However, I first would also like to welcome our new cohort of tenure-track faculty and lecturers, who have come to our campus with very impressive academic credentials and backgrounds. Despite being the smallest cohort of new faculty that we have had in many years due to budget and hiring limitations, we are very pleased to have these individuals join our campus family because they bring a wealth of knowledge, diversity and global awareness to our university. Please know that all of our dedicated faculty and staff will certainly do our best to ensure that you get off to a great start in your new careers at Cal State Long Beach.

I also would like to welcome a small cohort of new staff members to our campus family. "Graduating" students, *not simply enrolling them*, is the responsibility of our entire campus community. Achieving this goal requires the collective efforts of academic affairs, student affairs, staff professionals, and many, many others within our campus community who work collaboratively to create effective pathways for student success while also working to remove many prohibitive barriers. All of our wonderful staff play critical roles in achieving this objective for all of our students. Welcome new staff members.

I also would like to use this opportunity to invite you to our campus "move in" day tomorrow morning where we will welcome and help more than 2,000 of our residential students and their parents unpack their cars and relocate to their new campus homes. We will start at 9 a.m. and continue until 6 p.m.

The Year in Review

Looking back at last year it is best to say that "a lot of things can happen in the course of one year." As a university, thanks to you and your efforts, we had one of our strongest and most productive years. During the course of the last academic year we graduated our largest, most diverse, and most successful graduating class in our 60-year history, with over 8,750 students receiving 9,225 degrees. Our graduating cohort last year places us among the nation's top 25 most productive universities and makes us the nation's 8th most productive university in graduating students from diverse backgrounds. Even *The Chronicle of Higher Education* was impressed enough with our entire campus commitment to student success that they featured us prominently on the cover of their weekly journal this past June. Our graduation improvements and efforts also were recognized nationally in the higher education publication *Change Magazine* last fall.

Four years ago we asked that you help us make this a top campus priority and you did, so I would like to use this opportunity to thank each and every one of you for your dedicated work and effort on this most critical endeavor. Today, unlike any time in the history of American higher education, it has never been more important for our students to finish what they start. From their lifelong earnings capacity to career satisfaction, and from health care to their commitment to global engagement and understanding, students today must graduate because the alternative has never been worse. *The Economist* put it best when asking the question whether Horatio Alger still existed in America and stated that "Horatio still exists, but he has to go to college first."

On the construction front, last year we were able to use a variety of specific funding sources to significantly improve our campus facilities including breaking ground on our first \$75 million Student Recreation and Wellness Center scheduled to open next August. At this time we anticipate the center will draw nearly 4,000 students, faculty and staff per day. We also have completely renovated and opened our first new student residential hall in over 22 years, the Residential Learning College on Pacific Coast Highway which contains 550 new student and faculty residential places, computing labs and additional classrooms. I would like to especially thank Michael Gardner, David Salazar and their excellent team of people in Facilities for getting this new Residential College ready for our students in time for this academic year.

We also had the unique opportunity to break ground once "again" on our new and badly needed \$110 million Hall of Science after the state of California shut down the project for three months because it ran out of money. Judging by experiences of the past with Sacramento, we just hope that we will not have to experience a third groundbreaking in the coming year.

Additionally, within the next couple of weeks we will begin construction on our new \$5 million School of Nursing facility which will be built with a combination of special state nursing incentive improvement funds and private contributions.

Despite the worst economic crisis to face this nation since "The Great Depression," our Development, University Relations and Alumni Association staff successfully raised \$32 million, which represents our second largest fundraising year in our university's 60-

year history and falls only \$2 million shy of our overall record which we recorded two years ago. In fact, last night we had the opportunity to honor many of our largest contributors at a special "60th Anniversary Celebration" in the Daniel Recital Hall where we inaugurated our new Carillon Society and Carillon Awards. We are extremely grateful to all those generous individuals, friends and alumni who, despite these economic conditions, continued to support our students, faculty and university mission.

I am also pleased to recognize that our Intercollegiate Athletic Program not only won the Commissioner's Cup that is given to the most athletically successful program in the Big West Conference, but also was one of only four public universities in California to have every one of our 18 athletic teams meet the NCAA's Academic Progress Ratings standard. This measures a team's progress toward graduation and has become the "gold standard" academic measurement by the NCAA. Only UCLA, Berkeley, UC Davis and Long Beach State can make this claim.

Furthermore, thanks to the ongoing work of hundreds of faculty and staff, we made great strides in our 10-year university-wide reaccreditation effort which is approaching its final stages this year.

Finally, I would also like to commend Michael Carbuto and our Student Health Center professionals and others who worked under very difficult conditions during the H1N1 scare last spring. Their quick work and expertise played a critical role in the containment of this flu for our campus community. Unfortunately, we are not out of the woods on this issue since the primary flu season is just around the corner, but it is reassuring to know that our student health staff is prepared and experienced and will be communicating ways to stay flu free and healthy this upcoming year. Michael and his staff also insisted that I tell all of you "to please keep washing your hands and that it does not really count unless you wash them long enough to sing the Happy Birthday song twice."

Current Status

While our university set new milestones in graduating students, ranking nationally, student applications, and building new facilities, this past year the world in which we live took a shocking economic "nose dive." As you are well aware, since we gathered here last year at this venue, many things have changed. One year ago Lehman Brothers, AIG, Goldman Sachs, Freddie and Fannie Mae, Merrill Lynch, Bank of America, General Motors, and over 110 other banking institutions were perceived as corporate models of capitalistic success. Beginning with the bankruptcy on Lehman Brothers just two weeks after we met, our nation, and subsequently nations throughout the world, witnessed how the Hobbesian "state of nature" driven by extreme greed and avarice can negatively impact everyone. Adam Smith, Alan Greenspan and the University of Chicago "School of Economic Thought" all underestimated the true depths of self-interest while also underestimating the role of good government. As the great economist and Noble Laureate Paul Samuelson stated in *New Perspectives Quarterly* earlier this year, "Today we see how utterly mistaken the Milton Friedman notion was that a market system can regulate itself. We now see how silly the Ronald Reagan slogan was 'that government is the problem, not the solution.'"

However, one long term and potentially positive outcome of this financial collapse is the restoration of the value of the public sector and the role of government in balancing those that "have" versus those that "have not." Ultimately, I believe that this rebirth of Keynesian economic ideals might prove very useful for us and others in public education further down the road and in the decades to come.

Furthermore, as we all know far too well, higher education has not been immune from these developments either. At this time last year, Harvard's investment managers frequently "made the rounds" lecturing other educational leaders on new investment strategies. These same individuals are no longer at Harvard, which has seen an overall decline in investment assets from \$38 billion to \$17 billion. Other universities throughout the nation have seen their fund reserves drastically reduced and their budgets sliced also.

In the midst of this national fiscal collapse, many hidden practices were exposed or came to light. Unfortunately for us, what came to light was the magnitude of how truly dysfunctional our state government is in California. While doing its best to conceal a \$15 billion to \$20 billion state deficit annually, recent economic declines and bad state decisions forced our state deficit to an unprecedented \$42 billion. After all the gimmicks were tried and shell games were played, those of us who work in the public sector took the brunt of the decisions passed this summer, particularly those of us in public education.

While hiding behind the theme of eliminating "waste, fraud and abuse" in state government, our state legislature decided that prisons were more important than higher education. And our students and children turned out to be the biggest losers in this fiscal debacle. As a guidepost for human development I certainly would never consider investments in students and the children of any state as "waste, fraud and abuse."

Due to these draconian decisions, and unlike many previous summers, these summer months have proven to be a very difficult period for our campus community and other public educators throughout California. While many of you were preparing for this academic year, and despite the recent successes experienced by our campus, Sacramento handed our university and all of public higher education the most severe single year budget cut in our 60-year history.

For our university, \$42 million was yanked out of our state budget one month into this academic year. This represents 21 percent of our entire state appropriation. In fact, overnight we went from receiving nearly 40 percent of our total revenues from the state of California, to 29 percent. Overnight we went from being a state supported university to only a state assisted university. What's next, being simply a state located university, or even worse, only a state harassed university?

To put this more concretely, the state essentially ripped all state funding away from 7,000 of our students here at Cal State Long Beach and from 95,000 students in the Cal State University system. In per student terms, our state appropriation per student dropped from around the national average at approximately \$6,400 per FTE to \$5,137, a loss of nearly \$1,300 per student. This places us \$1,000 lower per student than the lowest point in the last decade, which was \$6,186 per student in 2004-2005. Furthermore, having deep roots in Kentucky and Florida, I can no longer make jokes about them due to these cuts. This reduction places our per student state appropriation and the average per student state appropriation for the CSU below other states including Kentucky, Arkansas, Alabama, New Mexico and even Mississippi. This comparison does not even factor in state "tax capacity" or state "tax effort" which includes in the calculation the actual wealth of the state. If measured by "tax effort" to support higher education, California falls much further behind those states just mentioned which are much poorer and have much less fiscal capacity.

This has all occurred while at the same time California spends more to fund programs for prisoners than any state in the nation except Michigan.

For a state that expects to be the best in everything, California needs a major wakeup call, and even at the very least, should try to emulate a state like North Carolina which has done a much better job balancing public support and higher education demand.

Furthermore, what worries me most at the moment is how the federal stimulus "state stabilization" funds are being used. These funds were supposed to offset some of the cuts in state funding to public education. Unfortunately, one could argue that by supplanting over a billion dollars in recurring state appropriated funds with nonrecurring federal stabilization funds to the CSU and UC, the actual state funding cut is much higher than the obvious 21 percent reduction. Instead, the actual state budget reduction

falls in the range of 40 percent to 45 percent if the nonrecurring stimulus funds are not replaced within the upcoming fiscal years. If these funds are not replaced in California, it is conceivable that nearly half of all the state budget reductions were concealed or masked by the substitution of one-time federal, nonrecurring monies.

The Actual Cut

Unfortunately, the magnitude of this cut is so severe that we have had to make many difficult decisions and take many unprecedented actions this spring and summer. First, I would like to thank all our faculty and staff for supporting the two-day per month furloughs and state budget closure days instead of the more draconian layoff plans. By opting for furloughs we have saved hundreds of faculty and staff jobs and our campus alone saved 2,200 courses for our students. Nobody likes having their salaries reduced by 10 percent but I firmly believe that the other alternative was far worse for so many. Second, we have been forced to freeze all non-essential travel and hiring. This decision went into effect last spring as you already know. Third, we have had to reduce our enrollment to our actual targeted funding level. This means that instead of the 38,000-plus students that we had last fall, we are starting this fall with 35,800, reflecting a decline of 1,100 less freshmen and another 1,100 less transfer students. For 2010-2011 we will be forced to reduce even more, further depriving quality higher education opportunities. This is the measurable result of the state not funding this university and the CSU system.

Fourth, accompanying these enrollment cuts we have been compelled to reduce hundreds of class offerings and the additional faculty lecturers needed to teach these classes in order to generate essential cost savings. Fifth, we have closed spring admission which normally brings in around 900 additional qualified students. Sixth, we have been forced to cut or eliminate nearly 70 staff positions, including many MPP positions, over the last six months in virtually every administrative unit on campus. Seventh, we continue to seek greater efficiencies through energy savings, data server consolidations and many other campus services. In fact, we have even agreed to suspend a number of popular campus-wide activities because of cost savings until we get through this difficult period including suspending our spring Kaleidoscope and Open House, the University 100 program, and this year's President's Forum on International Human Rights. We even significantly cut the cost of this Convocation by not printing programs, and only placing the Academic Affairs Annual Report online for the first time.

Finally, in attempting to ameliorate this drastic loss of state funding, the CSU Trustees raised the CSU student fee an additional 20 percent over the summer in response to the mid-summer budget cut. This 20 percent increase actually only generates about 25 percent of the necessary funds to offset the total \$42 million cut. To offset the entire cut with student fees would require a 100 percent fee increase for all students.

There really is not a good time to ever raise student fees. However, despite California's dysfunctional governance and fiscal planning which have forced us to pursue such regressive measures, there is some good news that I would like to share with you. The federal government has been responsive to the state funding problems and has "partially" mitigated the damage in state funding for our students. Under the encouragement of many higher education leaders last year, President Obama's administration made sure that higher education would not be left out when final determinations were made about the allocation of federal economic stimulus dollars. When the American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law, we all applauded its inclusion of higher education as an essential component of long term economic sustainability.

Within this massive legislation is the largest infusion of federal student aid funding since the creation of the original "GI Bill" after World War II. More specifically, however, over \$30 billion was added for college grants and tuition tax credits, which nearly doubled the federal commitments in these areas. Of these resources, \$17 billion was added to not only substantially increase actual grant awards but also to make sure that the grants would be available to more families with expanded income levels. Additionally, nearly \$14 billion was generated to boost federal tuition tax credits from \$1,000 and \$1,500 to \$2,500, and for all families earning up to \$180,000 annually. This includes most of our students and families, and especially most of our middle income families who traditionally do not have access to federal student aid other than subsidized and unsubsidized loan assistance.

Furthermore, despite the attempt to eliminate the Cal Grant program this past year, California students receiving Cal Grant A or B funding will receive full funding which covers the summer fee increase adopted by the CSU Board of Trustees in July. For CSULB students this means \$2.2 million more than last year's funding will be granted to our Cal Grant B student recipients and \$1.2 million more than last year's funding will be received by Cal Grant A students. This increase alone will have a positive impact for nearly 4,000 CSULB students.

In fact, in aggregate this year, the new student fees have generated over \$16 million in revenues for our campus, while at the same time our students acquired \$13 million more federal aid awards than last year, and \$3.5 million more in Cal Grant funding for a total of \$16.5 million more in student aid. This does not even factor in the \$2,500 refundable tuition tax credit that will be taken by our students and families beginning this April.

As you can see, thanks to Washington, our students are not as bad off as the actions of the state would have left them. However, the federal assistance simply helps to offset a small portion of the total state funding cut from our overall university budget.

As we move into the planning phases for 2010-2011, I want to reassure you that we will continue the strong and much envied tradition of shared governance on our campus. By working together through our Resource Planning Process (RPP), the Academic Senate, Staff Council, ASI, and many other areas of campus, I believe that we will reach better decisions while developing more productive strategies. We all benefit and our institution will be strengthened if we all work together during this period of economic uncertainty.

Conclusion

In conclusion, I would like to thank you again for your commitment to our students and the civility you have shown to your fellow employees and colleagues. These are very difficult and unprecedented times for California, to say the least, and we are all feeling the pain throughout all of public education. In fact, under these circumstances it is very important not to forget about our public school colleagues and partners. As a father of three in our public schools I can attest that I have never seen so many portable buildings become permanent, class sizes this large, and so many schools built for only half the student populations that currently exist on their campuses. We must be willing to help them any way we can to get through these difficulties as well. Ultimately, our success is highly dependent on theirs.

I also would like to make you aware that as of August 1 a new GI Bill went into effect that is estimated to bring thousands of Iraq and Afghanistan combat veterans to the nation's colleges and universities within the next year or two. Despite the inherent formulaic funding flaws in this new bill that we are currently working to rectify, most of these veterans certainly did not join the armed forces to "see the world." Instead, as many have told me personally, they joined the armed forces "to go to college." Currently, we already have 473 recent veterans within our student body and this will no doubt increase rapidly because of the new GI Bill. They need our help and certainly deserve our support to help "change their lives."

It is because of your work and our mission that we have developed a reputation for "changing lives." In data recently generated from Postsecondary Opportunity out of Okaloosa, Iowa, it is interesting to note that despite all the recent east coast front page

headlines highlighting their professed generosity in institutional aid for lower income students by Ivy League universities, Cal State Long Beach, alone, educates 3,000 more lower-income students annually than the entire Ivy League combined. In fact, we educate more lower-income students than the University of Iowa, Missouri-Columbia, and North Carolina-Chapel Hill combined. Furthermore, for a second year in a row our graduates' average mid-career earnings are higher than the average mid-career earnings of graduates from schools including Iowa, Missouri-Columbia, and UNCCH. You can take great pride in knowing that we do "change lives" and provide great value-added educational impact to society. Maybe it's time that both our federal government and state legislatures start financing higher education based on true value-added educational impact, instead of the traditional formulas that reward high inefficiencies and high prices.

As we all know, the state of California faces the worst fiscal crisis of any state during a period where the nation plunged into its worst economic recession since "The Great Depression." It appears that our state has lost its vision and perspective of what its priorities should really be. What is at stake is the quality of life for all Californians. As a leading university we have an obligation to help lead the state back on the right path with a new vision for California. As Thomas Friedman recently suggested, "Now is the time to get beyond simply thinking of economic recovery, and focusing instead on returning to economic prosperity." We can and should be leaders in determining what kind of prosperity the future requires. Will it be, as it was previously, extreme prosperity for the select few or prosperity for the common good of all? When we emerge from this fiscal crisis we must emerge a much smarter state, a much wiser university, and a much more advanced nation. It was Senator Ted Kennedy who pointed out in a debate on the floor of the U.S. Senate five years ago that "for the cost of two years of being in Iraq, we could have completely rebuilt every school in America."

We must use our tools, which are teaching, research, and public service, to reform California's priorities and to build a much smarter planet. As we witnessed last year, many things can happen in the course of one year. As one of the nation's best public universities we need to drive these developments instead of falling victim to them.

Thank you for your dedication to our students, to Cal State Long Beach, and for your commitment to public education. Thank you for your kind attention and patience today.

And Go Beach!

F. King Alexander
President

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