New college formation: A case study comparing five recently opened state colleges

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NEW COLLEGE FORMATION; A CASE STUDY
COMPARING FIVE RECENTLY OPENED
STATE COLLEGES

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ABSTRACT

New College Formation: A Case Study Comparing Five Recently Opened State Colleges

by

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This policy analysis reviewed the needs assessment process for the formation of five recently opened and publicly-supported state colleges. The analysis revealed how public policy, higher education goals and objectives, and statewide resources and politics become engaged and intertwined in the creation of a new public middle-tier state college. This comparative case study examined the needs assessment process used in the creation of five recently opened colleges for effectiveness: CSU Monterrey Bay, CSU Channel Islands, Central Oregon University, Florida Gulf Coast University and Nevada State College Henderson. The analysis focused on four principal dimensions taken from the extant literature relevant to the determination of need. The four dimensions were: 1. the calculation and analysis of academic demand for a new institution; 2. the availability of state financial resources; 3. the consideration of alternatives, and 4. the role of politics in the decision making process.

The analysis of the four critical dimensions of need for each of the state colleges included the construction of a rubric to depict how each college fared in a comparison of
the effectiveness of their planning process. Finally, based on the findings of the cross case analysis, a “best practices model” was developed and recommended as a potential needs assessment process for states to consider when deliberating whether or not to bring a new college online.
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CHAPTER ONE

INTRODUCTION

During the decade from the early 1990s to the early 2000s a few new publicly-supported state colleges / universities were opened in the United States. In the same time period, there was a steady increase in the number of states that began to reduce their financial support for higher education—at least in terms of percentages of overall state budgets. However, in many states, especially those with both rising traditional and non-traditional student age populations, the demand for higher education continued (Cohen, 1998, pp. 360-362). As the nation entered the 1990s, manifestations of the demand for higher education took several forms. One form was the ripple effect in population growth stemming from the post-World War II baby-boom, as the second generation began to come of traditional college age. Population growth is a determinant of demand but not the most important when defining the reasons people seek post-secondary education. Other factors were equally strong during this period. The decade of the 1980s had seen tremendous technological growth and expansion of the economy. This was followed by a recession, a war, and a slow economic recovery until the early to mid-1990s (Zusman, 1999). This recovery period was quite different than other post-recessionary eras. Many firms and industries were determined to avoid past misjudgments and set out to become leaner; downsizing became a well-used, if despised, term for eliminating suddenly obsolete workers. New personal tool sets, which included skills, training, experience, and
education, were needed to help assure future and displaced workers that there would be employment if they availed themselves of those tools. This was especially true of the growing non-traditional workforce, where mid-career professionals, managers, and supervisors found themselves equally short of the tool sets necessary for workplace success (Zusman, 1999).

Demand for higher education in the early 1990s occurred at all levels—universities, state colleges, community colleges, and private for-profit and non-profit institutions—perhaps, not all equally, but certainly in proportion (Callan, 2001). For public state institutions, the demand put financial strains on state resources—namely taxpayer funding. States found themselves having to reallocate fiscal resources among competing interests. As a result, higher education institutions needed to increase tuitions, energize capital campaigns, and seek greater research funding (Zusman, 1999). Decisions about full funding of state higher education funding formulas were tabled in state legislatures around the country as proportional funding formulas came into vogue (Schmidtlein, 1990).

Simultaneously, legislatures began requiring expansion planning for higher education to make better use of existing facilities. For example, to further capacity utilization goals, most states required that community college facilities be used as expansion branches or centers prior to building new state colleges or universities (Chafee, 1981).

Public support for higher education, evidenced in the levels of institutional types that have evolved over the last two hundred years, always was nurtured within a political process. Continuing to support existing programs and to expand support for new institutions has required tough decision making regarding the allocation of scarce state
resources among competing service needs. Thus the role of politics has been inextricable from the public support for higher education.

The demand for higher education, the competition for scarce state resources, the need for creative solutions to build capacity, and navigation of the political process to achieve targeted objectives are the current contextual reality within which both the individual state legislatures and the education systems must work. For the most part, the needs assessment and the decision-making process for when and how to expand needed higher education services to a state are idiosyncratic to a state. (see Interview 5.) The extant literature is scarce related to providing information on best practice approaches for making these critical policy decisions (see Interview No. 5).

Problem Statement

To date there is not a clearly developed model or best practice approach in the literature for determining the feasibility of opening a new state college that might guide state policymakers in their decision-making process.

Purpose of the Study

The purpose of this study was to evaluate the effectiveness of a state’s needs assessment process, across four dimensions of analysis taken from the extant literature. An additional goal was to recommend a “best practices model” for a needs assessment process for forming new colleges within a state. The study looked at five recently opened state colleges that geographically spanned four states. The colleges in the case study were Florida Golf Coast University; California State University, Monterey Bay; California
State University, Channel Islands; Nevada State College, Henderson; and Central Oregon University. Organizers of all five institutions were mandated by their governing systems to prepare a complex and compelling needs assessment documenting why, where, and how the need for a new college should be addressed. The four dimensions used to evaluate the states’ needs assessment process in this study were: (a) the calculation of demand for higher education, (b) the availability of state resources, (c) the consideration of alternatives, and (d) the political considerations in the approval process. Although each institution included those elements, all approached the issues uniquely.

Research Questions

This study addressed the following research questions:

1. What was the academic demand or need for each of the five institutions?
2. What state resources were available in each of the five institutions?
3. What alternatives to the creation of a new institution were considered by the organizers of each of the five institutions?
4. What were the political considerations in each of the states as they arrived at the decision to create a new institution?
5. How did each of the states’ policy processes fare in an analysis of the effectiveness of the four dimensions listed above?
6. From a cross-case analysis, what would be the key elements of a best practices model for policy decision-making relative to evaluating the efficacy of establishing a new higher education institution within a state system?
Methodology

The analysis used a qualitative cross-case analysis methodology for examining the policy rationales for the formation of selected state colleges that first opened their doors within the last decade. The five colleges were purposively selected because of their public middle-tier mission and the timeliness of their needs assessment process and subsequent opening. Purposive sampling is based on the assumption that the investigator wants to discover, understand, and gain insight and therefore must select samples from which the most can be learned (Chein, 1981). Patton (1990, p. 37) argues that “the logic and power of purposive sampling lies in selecting information-rich cases for studying in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the study.” The methodology design for this study included a three-pronged analysis of: (a) each individual case study institution’s state system criteria for expansion, (b) the methods used by the individual new institution’s organizers in determining academic need or demand, and (c) personal interviews conducted with key decision makers involved in each case study college environment.

The data and information gained from the above study design enabled the researcher to form a focused synthesis related to best practices used by the five case study colleges. The synthesis was determined by examining in depth the information gained from the three-pronged approach.
Significance of the Study

The analysis, findings, and recommendations of this study are significant at three levels: theoretical, substantive, and practical. Theoretically, the results of the study contribute to the body of higher education literature related to academic need or demand, access, accreditation, and resources allocation and utilization. Substantively, the results provide insights into the perceptions and more importantly the actions of key decision makers at levels prior to the selection of eventual campus presidents. The results are substantive because the actions of the decision makers encumber the state’s taxpayers and its entire population to the public support of a new institution of higher education. The findings are practical because they will make recommendations that future higher education decision makers can use to both streamline their new college formation approach and avoid ill-advised decisions. This investigation is worthwhile because the four dimensions chosen supersede or overlay the programmatic needs any one institution may face in a geographic area—nurses in one locale, teachers in another, etc. This study is also important because the four dimensions of demand, resources, alternatives, and politics are inextricably intertwined; they can stand alone but they all rely on one or more of the others to interdependently provide evidence for skeptical legislators of the need for a new institution.

Delimitations and Limitations of the Study

This study was delimited by the selection of five middle-tier higher education institutions that were started within the past decade. The study did not include analysis of
community colleges, technical schools, private (for-profit or non-profit) colleges and universities, or four-year public universities of any research classification.

This study had the following limitations. The scope of the analysis was focused on four dimensions: academic demand, state resources and their costs, alternatives considered, and the role of politics. In truth, when a state and its higher education governing entity commence a study to decide whether or not to build a new college, a myriad of other factors are ultimately part of the equation. An examination of the regional accrediting self-appraisal reports by each of the sample states brought forward at least another dozen dimensions that could be analyzed. However, this research was focused on the essence of whether to commit and go forward with the project, and these four factors were predominant in determining that decision. The calculation of demand for higher education and the availability of state resources were deemed both primary and critical to any further analysis. Further, the issue of alternatives is also critical to the early decision making. Politics, in the public education arena, are inseparable from this legislatively-enacted, taxpayer-supported endeavor.

A second limitation was the limited number of interviews conducted—nine in total. Interviews of key observers and participants in a qualitative analysis are important elements of synthesizing case study data findings and ultimately replication of the results. Interviews were conducted with key participants at high levels in each of the state college and university institutions or governing bodies included in the study. Legislators, local elected officials, and consultants were included. Interviews with ordinary citizens were not conducted, which may represent a further limitation. However, it was deemed most important to obtain a sense of how and why various policy-making decisions were
made. The interviewees chosen were a purposive representation of the individuals that actually made decisions and the processes they utilized.

Definition of Terms

In the course of this comparative case study policy analysis, a number of terms are used that may need definition. Following is a narrative definition of the economic analysis terms used in the research:

Academic demand—The assessment or calculation of the need for higher education. Demand can be expressed by the desire of potential students to increase their stock of human capital. Demand includes their willingness and ability to purchase quantities of higher education goods at set prices—inclusive of financial aid availability or other discounts (Schiller, 2003).

Economic efficiency—This is the achievement of the optimal goal by maximizing the net benefits to society. Efficiency can mean the absence of waste or the waste of an opportunity to make someone better off without making anyone else worse off. A practical application of cost-benefit analysis would be to guide the efficient (non-wasting) allocation of resources. In the context of this study, “efficiency is achieved while maximizing the total benefits to society given the resources employed in higher education. Participants in higher education make choices that determine whether those resources will be used efficiently or inefficiently” (Hoenack, 1988).

Human capital—The education, skills, training and experience of the labor force (Mincer, 1958 & 1974; Becker, 1964).
Price elasticity of demand—The response by consumers to a change in the price of a good or service. As the tuition price increases, other factors held constant, for example, the quantity of student enrollment demanded will decrease. College tuition is “in-elastic,” meaning the change in enrollment quantity demanded is relatively small in response to the price increase. This is also known as tuition price elasticity (Nicholson, 1998, p. 802).

Say’s Law—The economic principle called “Say’s Law,” for Jean Baptiste Say (1767-1832), that “supply creates demand.” That Say's Law is correct is evident from one simple consideration: if inventory doesn’t sell, then prices will be cut until it does. If the supply function increases, which means that it becomes possible to produce a greater quantity of goods for a given price, then if the demand function does not also increase, prices fall to a market-clearing level. In this case study the increase in supply relates to the creation of a new state college while there has not been a corresponding change in demand for higher education. Eventually the tuition price will fall, which might increase the quantity of education demanded at the new lower price (Sowell, 1972).

Outline of the Dissertation

A comparative case study methodology was employed to examine four dimensions related to a needs assessment analysis for forming a new college. Chapter One, as an introduction, presented the problem statement, relevant research questions (related to the dimensions of academic demand, state resources, alternatives considered, and the role of politics), purpose of the study, the significance of and limitations of the study, and a description of the methodology employed in the analysis. Five middle-tier state public institutions that had been started in the last decade were identified for study.
Chapter Two presents a review of relevant literature on the study of academic demand as it relates to consumers (students)—why they choose an undergraduate education, the implicit and explicit costs associated with those consumer behaviors, and the reasons, such as institutional quality, for where they choose to matriculate. Chapter Two continues with a review of literature relevant to the allocation and use of state appropriations for funding public higher education institutions and the role of politics in shaping educational public policy.

Chapter Three discusses the methodological approach taken in the gathering and processing of the data. This was a qualitative case study analysis. A demographic and physical (geographic) setting discussion regarding the case study comparables was presented. Interviews were conducted with participants in the academic needs analysis, site selection, and policy- and decision-making processes in the states and with the colleges selected for study.

In Chapters Four through Eight are discussions of the four research dimensions in turn across the five recently opened state colleges. In these chapters, all of the states' data—California, Florida, Oregon, and Nevada—and other information related to the four research dimensions were synthesized and compared. This synthesis was a systematic search for common attributes (components of meaning) associated with the dimensions.

Chapter Nine summarizes the results of the five college analysis. This chapter brings all of the colleges and the research dimensions together. A model of case study states' higher education system performances was presented for assessing the thoroughness of their processes for approval of a new higher education institution.
Chapter Ten states conclusions and makes recommendations for a process of forming a new state college. A template was developed suggesting a criteria model for new college formation adapted from sources within this study and synthesized from the cross-case data analysis and conclusions. Additionally, there are recommendations regarding the need for further research.
CHAPTER TWO

LITERATURE REVIEW

Academic Demand

In order to effectively examine the academic need or demand for five new, publicly supported state colleges, it was important to examine the earlier relevant literature produced by others. This chapter reviews several aspects of earlier and current work towards the assessment of academic demand as well as the other research dimensions and questions regarding state resources and the role of politics.

Specifically, a review of recent scholarly literature on the topic was appropriate. The literature on community and student demand for higher education has helped inform policy makers of the reasons why students make particular post-secondary education choices and what administrators might do to attract and retain students to their institutions (St. John, 1994; DesJardins & Dundar, 1999). Historically, the various approaches used by economists to examine student demand have empirical limitations. While the majority of studies focused on enrollment behavior as a function of academic demand, this can present problems for analysts since enrollment figures can be influenced by the actual supply of spaces made available by the institution, as well as the demand for those spaces by new college-bound students. In time-series studies of student demand, the sample sizes are typically small, which leads to larger standard errors in the statistical models estimated from the data. For this reason, analysts often turn to cross-
sectional data to study student demand, but in this process lose the ability to draw direct conclusions about the sensitivity of demand to changes in the price of attendance (Toutkoushian, 2001). Heller (1999) presented evidence that there are advantages in combining cross-sectional and time-series data into a single panel data set and then applying statistical techniques such as fixed-effects and random-effects models to estimate the unknown parameters of the model. Economists have struggled with the robustness of the results generated from time-series, cross-sectional, or combinations of the above methodologies. It is precisely the impreciseness of the empirical models that have been attempted in the last decade that have led to the qualitative approach being undertaken in this dissertation.

**Human Capital Theory**

The economic value of education (higher earnings for the people with higher levels of education) has been reported in economic literature beginning with what has come to be called the classical school of economics. With the introduction of human capital theory, the relationship between education and income has become more focused. Human capital theory became popular with the contributions of Schiltz (1960, 1972), Mincer (1958, 1974), and Becker (1964). The core of this theory is that students should consider education as an investment. The main hypothesis of this approach is that education means for the individual who acquires it an increase in that individual’s productivity and therefore an increase in future income (De Los Dios-Jimenez & Salas-Velasco, 2000). From the point of view of the individual, it is this aspect of investment that is really relevant: in other words, how future income is related to education. For the individual, it does not matter whether higher future income is caused by an increase in
productivity (as maintained by the pure human capital model), or on the contrary, whether education acts as a sign of potential productivity in a labor market characterized by imperfect information (Arrow, 1973; Spence, 1973; Riley, 1979).

The benefits of education can be obtained by an individual if he or she is prepared to pay both the direct and the opportunity (current income lost) costs of education. In the case of the human capital model, individuals invest in education as long as the return rate obtained from the educational investment is greater than, or at least equal to, the discount rate chosen. Along the same lines as the expansion of the human capital theory, other studies have tried to estimate return rates for education with varying rates of robustness (Escharoupoulos, 1981, 1985).

The economists writing in the 1960s about human capital theory have been criticized for seeing education only as an investment and not taking into account aspects of utility or education consumption motives (Blaug, 1976). To examine human capital theory strictly as a capital good and believing that it produces only monetary returns would be shortsighted. If we wish to measure all the benefits obtained from investments in human capital, consumption benefits should also be included.

In education, the consumption motive measures the contribution of education to usefulness—thus separating it from the monetary dimension (Campbell & Siegal, 1967). Michael (1973) and Becker (1964) include the education consumption motive in a domestic production model: the highest levels of schooling increased the efficiency in the production of consumer goods in the household. Heckman (1976), defends the consumption motive by assuming that education increases the efficiency of allocating
leisure. These models, both the monetary and the non-monetary aspects, determine together the optimum quantity demanded of education.

There is another important factor to include in the human capital model: future employment prospective. In general, employment is strongly linked to the level of education. Individuals with the highest education levels are less prone to become unemployed (Becker, 1964; Ashenfelter & Ham, 1979; Nickell, 1979). Therefore, the increased probability of finding a job can also be seen as benefit of education, and this aspect should be included in educational decision making. Although the relationship between unemployment and schooling levels has long been recognized by economists, employment perspectives and prospects have not been included in the majority of education demand models (De Los Jimenez & Velasco, 2000).

Issues in Applying Economic Models of Demand

Conventional economic models of the demand for undergraduate education require clarity on some basic questions of definition. First, how is demand in this market measured? The most obvious measure is enrollment, which can be differentiated by full-time, part-time, or full-time equivalent students (FTE). One aspect of enrollment at the individual level is its timing. How long after high school do young people wait before enrolling, and do they drop out for periods after first enrolling? Of course, that measure does not take into account nontraditional students—adults entering or re-entering the undergraduate education market after spending years in the workplace or in career development. Another aspect of demand—one that is probably more useful than enrollments for assessing demand—is the number of applications. This measure, along with the prices that students and their families are willing to pay, serves as a metric for
determining whether there has been an increase in the demand for admission places in highly selective colleges (Clotfeller, Ehrenberg, Getz & Siegfried, 1999). Quality is yet another aspect in measuring the amount demanded. It can be argued that the quality of education is the same for all institutions, but there are no widely accepted measures or defining levels of quality. The use of expenditures to aggregate quantity purchased has a long history in empirical demand analysis, but this approach does not seem very promising in the case of higher education, primarily because public institutions charge tuitions that are designed to be artificially low. So some scholars have attempted to use output among institutions as a measure of quantity demanded. What is produced at a typical community college, for example, is different in many respects from the output (number of graduates) provided by many four-year liberal arts colleges (Clotfeller, et al., 1999).

A second element that attempts to define academic demand is: Who are the demanders in this market? Certainly, the students themselves are, as long as they remain willing participants. Because students typically must sacrifice employment opportunities to attend college, they pay an implicit cost in terms of foregone earnings. In the case of nontraditional or independent adults considering whether to attend college, this conventional model of consumer purchase decision making seems to fit. It also would be unrealistic not to include the parents as active consumers in the large number of cases in which they pay for the bulk of the out-of-pocket expenses for dependent students.

A third element of academic demand asks: How well informed are these consumers about the service they are purchasing? An assumption underlying most simple models of demand is that consumers possess reasonably complete information about the goods and
services they consume as well as their prices. However, it is clear that this assumption is not very realistic in some markets, especially where the good or service is technically complicated or where judgments of quality are difficult. Certainly, college education falls into this category. What is not obvious is whether it is any more difficult to compare the quality of colleges than it is to compare the quality of other technically-sophisticated consumer goods (Clotfeller, et al., 1999).

*Individual Factors in Higher Education Demand*

The choice of attending a particular university or college or pursuing a particular university degree upon finishing their high school studies is determined by the expectations of their opportunities for academic success. The higher their academic ability is at the high school level, the greater the risk they will be prepared to take, and on the contrary, the lower their ability the lower the risk to be taken—thus orienting their choice of institutions or programs in terms of probabilities of success or failure (Latiessa, 1989). It is probable that all other factors remaining constant, those students with a lower scholastic ability will demand a lower quantity of education.

Figure 2.1 relates a number of individual factors to the demand for higher education threshold. The following two subsections offer further descriptions of the matrix choices.

![Image of the matrix choices](Figure 2.1. What Determines Educational Choice? De Los Jimenez (2000))
Social Background and Family Income

Students whose parents have a higher level of education are also those that are more likely to finish at a higher education level. In this way, human capital transfers between parents and children, and it does have a decisive influence on the choice of studies (Cea & Mora, 1992). Often the principal breadwinner's occupation or the social class to which the family belongs is of great importance to an individual student's decision to access a specific type of university degree. Further, it appears intuitive that it is easier for students from wealthy families to finance higher education costs than it is for students from poorer families. This is particularly true for countries outside of the U.S.A. where there can be significant economic hurdles for students from poorer families. In the U.S.A, class separation certainly exists; however, from a global perspective there is much more of a level playing field in terms of family wealth determining student demand. Total family expenditure on higher education has an initial component of direct cost in terms of registration, tuition and fees, texts, transportation, and in some cases, the maintenance and housing accommodation costs to the student. However there is also an opportunity cost (income lost) that must be taken into account. Therefore to choose a four-year university degree program implies the student having an additional total expenditure in education. Following, economists and scholars in educational and economic literature assume (rightly or wrongly) that obtaining scholarships to reduce the net cost demonstrates that the recognition of the opportunity cost by students will increase the desire or demand for higher education (Cea & Mora, 1992).
Preferences, Prospects, and Future Income

There is an old, educational axiom that states students' behavior is characterized by being rational. Therefore they would rationally choose a degree course (having previously sifted the alternatives) with regard to personal taste and choose a course with the consequences that he or she prefers from among all the possibilities. Rationally, students should pick degree choice programs where there is a greater demand in the marketplace and less competition in order to obtain a certain employment advantage, which allows for a quick transition from the higher education system to the world of employment. However, it is well known that students do not make perfectly rational choices, often changing degrees and programs and majors. The expectation is that all else being held constant, students would choose the degree program that offers the best job prospects. The hypothesis with respect to future income is that a rational student will make degree choices within a university that offer a higher profitability in terms of future income, but only when his choice encompasses an acceptable risk level (Colom et al., 1992). Following, it should be expected that the more advantages a student has in terms of social background and prior academic success, the more importance he or she will give to return and less to risk (Mingat & Fischer, 1982).

State Financing of Higher Education

Following the calculation of real academic demand, the most important aspect of contemplating the formation of a new higher education institution in the public sector are the parameters and constraints concerning the financing and budgeting process by state legislatures. Two of the most critical parameters involving state resources are a strategic
(growth) plan and the linkage of any plan to state budgets. A strategic plan has little value if resources are not allocated as specified by the plan. Similarly, if the resource allocation process is not guided by the institution or system’s strategic plan, it will be impossible to implement the plan—leading to inefficient allocation or the wasting of scarce system and state resources (Yeager, 2001).

At both the single institution level or at an entire state higher education system level, the two key functions related to financial resources are the concepts of planning and budgeting and the links between them. In a public higher education system, it would be impossible to achieve annual operational growth objectives without the complementary budget process closely aligned. For a higher education system, it is even more critical to link the concepts of planning and budgeting. Obviously, the funding for a new institution will require either new appropriations from a state legislature or the concurrent shifting or subtracting of line items from existing budget categories—whether they are capital or operational.

With respect to planning and budgeting, higher education institutions must act like consumers. They have needs, wants, and an income that determines the limits of their budget. Commonly, there is an unlimited variety of wants and goods available for higher education institutions to consume, yet their priorities and budgets reduce the number of choices (Chaffee, 1981). A higher educational system should consider itself an individual economic factor with conflicting needs and choices. A useful planning and budgeting system would be one that helps determine the relative values and priorities of different choices, e.g., the formation of a new state college.
Microeconomics provides a means of thinking about consumption, yet sheds some light on the nature of a higher education system’s problem. Chaffee (1981) applies microeconomics to the problem of a higher education system’s never-ending battle for its share of state financial resources. She demonstrated that the allocation and use of scarce state resources can be viewed as an economic trade-off problem utilizing indifference curves and budget lines. Chapter Nine will examine in greater detail via the use of graphs and figures how shifting indifference curves and budget lines can more clearly delineate the options and choices facing higher education administrators with budgeting responsibility.

Chaffee (1981) also suggests how a higher education system can benefit from the use of linkages between planning and budgeting activities. She outlined four characteristics that would be useful when considering annual operating and capital plans or a contemplation of a new college entity. Estimate changes in income and cost and prices, reducing uncertainties in these areas as much as possible.

1. Allow for disproportionate budget shifts instead of observing budget drift. As prices and preferences change, optimal budget decisions are likely to require that consumption of one item be changed more than that of another.

2. Monitor and reflect changes in preferences. This implies a need to determine whose preferences are to be accommodated and the relative weight that will be assigned to each set of preferences.

3. Manage conflicting political pressures. Conflict is generated by at least two factors. One factor is the need to attend to more than one person when identifying preferences. The second factor that generates conflict is a scarcity of state
resources. Contenders for state resources attempt to exert influence over the decision about how to allocate resources. Management of conflicting pressures allows the contenders to make themselves known and understood (Chaffee, 1981).

Returning to the topic of strategic planning as it relates to the financing and allocation of scarce state resources, Schmidtlein (1990) defines strategic planning as an exercise that leads to agreement on an institution’s or system’s mission and provides a broad vision of its future directions. It obviously does not provide operational guidelines or decisions on specific priorities or on the goods and services an institution would request from the state in a budget document. Ideally the vision embodied in a financial strategic plan defines a market niche and an institutional or system-wide mission appropriate for exploiting that niche. Schmidtlein limits his discussion at this point to an examination of how new facilities and new capital projects would be derived from higher education system program expansion plans and that, in turn, capital-budget plans would be derived from the actual facility plans. However, these linkages usually are not this explicit and orderly. In many cases, new campus infrastructure requirement plans are developed with only modest guidance from the new programs they are expected to house. On the other hand, new campus facility plans typically are developed for a full range of campus infrastructure needs and for the long term. Hence, Schmidtlein’s emphasis on capital budgeting. Usually, immediately preceding or during a budget cycle, assumptions are made about financial costs and feasibility and, for public campuses, a political attractiveness of particular college projects are pertinent. Also, in the public sector, several different sources of state funds may be used to finance expansion of the
university campus system. Alongside state appropriations would be an increase in student tuitions, capital campaigns for endowments or other donations strategies, and the imposition of various fee structures. Therefore, priorities frequently shift to align budget requests with these financial constraints and political imperatives into these longer term considerations, Schmidtlein (1990) suggests that infrastructure planning and budgeting for a particular future year typically are not funded in that year. In the analysis that follows, Schmidtlein’s caveat was born out in California, Florida, and Oregon.

The belief that budgets can be linked to plans relies on the assumption that the plan is feasible and cost-effective enough to create reasonably comprehensive plans which can be—and will be—used to guide institutional decisions. The literature and current research on planning suggest that this assumption is subject to a number of qualifications (Schmidtlein & Milton, 1989; van Vright, 1988).

In planning for and requesting state budgetary appropriations for the expansion and creation of a new state college, higher education systems must deal with a range of assumptions about future conditions that have an uncertain nature. Schmidtlein details at some length the extent to which higher education bureaucrats have sought to avoid expending significant amounts of resources to develop facility plans that in time could be found unwise or impractical. His point is in pointing out first, the uncertainty of planning for budgets and, later in a broader sense, the realization that powers of prediction, even by experienced system administrators, are limited at best (Schmidtlein, 1990).

When contemplating the expansion and creation of a new campus, higher education systems should consider appropriate fiscal strategies. Fiscal strategies should include at least two resource components—resource acquisition and resource allocation (Binkman
Resource acquisition includes responses, explicit or implicit, to certain questions. Is the new institution committed to revenue maximization? In balancing the budget, will revenue enhancement normally be the first option, or will it be a second option after expenditure reduction? Will revenue be pursued wherever there are possibilities, or only selectively according to a plan or set of principles? Brinkman and Morgan (1995) offer a set of goals for revenue acquisition that are relevant to how the foregoing questions were answered: 1. ensure marginal revenue growth, 2. ensure predictable and stable revenue, and 3. find revenues that are flexible in how they can be deployed. The latter goal, of course, relates to the acquisition and deployment of unrestricted revenues which can be used to address a variety of needs.

Fiscal strategy also contains the objectives and the rules for allocating resources. Sound fiscal strategy indicates, first and foremost, the basis upon which allocations are to be made. Often, this is equivalent to how need is to be determined (Brinkman & Morgan, 1995). For allocation, rigorous procedures need to be established at the system and institutional level as well as, of course, within the legislative body actually funding the appropriations. Without resource allocation, essentially anything can happen. Brinkman and Morgan (1995) feel that choosing economic efficiency and the longer term fiscal strategy perspective must be addressed to: 1. preserve organizational assets, 2. invest in the future, and 3. deploy resources strategically.

Assumptions of declining real state resources and emerging competitive forces give impetus to several important dimensions of planning and budgeting as they constitute a fiscal strategy: reallocation, incentives, the links between planning and budgeting, and maintaining political support (Morgan, 1992). A fiscal strategy, especially in a serious
reallocating effort, must be formulated with explicit incentives as part of the design (Berg, 1985) unless an institution or higher education system is prepared to operate in a highly centralized top-down manner. Larger higher education systems like those that exist in Florida and California are more decentralized while Oregon and Nevada represent a more centralized top-down budgeting environment. Notwithstanding political interaction, a fiscal strategy flows out of the intersection of plans and budgets. Explicit attention to that fact should be included within the fiscal strategy itself. Finally, fiscal strategies that ignore political realities are likely to be short-lived, especially in difficult times.

As higher education institutions and systems grow increasingly more complex, simplistic approaches to fiscal strategy such as, merely pondering whether capital projects are financially feasible or affordable—simply won't do. Public higher education is an enterprise—a very sophisticated and complex business enterprise with overreaching elected political masters. Colleges and universities must develop expertise in their cost and benefit analysis requests for state resources (Callan, 2001).

Consideration of Alternatives

There is scant evidence of specific scholarly research on the consideration of alternatives for new college organizers to review. That is not to say there are no discussions or written analyses of previous new college organizing efforts. Most publicly-supported state higher education systems require some review of alternatives whenever a new facility is proposed. Therefore the literature resides in the archives of
state higher education governing boards, coordinating commissions or other designated agencies.

For the purposes of this study, archives were searched at the individual case study institutions for the documents that described the consideration of alternatives as a due diligence process during the formation period. These archives were searched during the periods of time the in-person interviews were conducted. Further, the state system offices also were searched for physical documentation of the planning and evaluation process whereby alternatives were either statutorily required to be evaluated or due diligence and fiduciary responsibility mandated that economic efficiency be employed to minimize the opportunity for wasting resources. In addition to the case study states, higher education system offices in Idaho, Montana, Utah, Arizona and Washington also provided artifacts and other evidence of strategic planning and guidelines for forming new colleges. All required evidence of real demand prior to commencing proposals for new colleges. Subsequently, all required an analysis of feasible alternatives to proposals claiming a need to construct new facilities. The records and literature searched are listed in the bibliography to this study.

Higher Education Politics and Policy Review

*The Role of Politics*

Politics have always played an important role in publicly supported higher education. When considering the growth, access and financing of higher education at the state level, legislators have become increasingly concerned with affordability, access, and
accountability. In higher education, politics have become intertwined with all three policy issues.

Affordability has now become a code word for policies that help middle- and upper-income families pay for higher education, as opposed to the more common definition, which refers to families at all income levels (Breneman, 1981). Rapidly rising tuition charges in recent years have sent a chill through many American families as they contemplate future expenses for higher education. Indeed, there is a myth resonating that students from middle-income families are being squeezed out of college by low-income students who receive a free ride through grants and by wealthy students who can afford to pay (College Board, “Trends in College Pricing,” 2002). The economic—as opposed to political—fact is that true affordability remains a problem primarily for students from low-income families, which simply means that the promise of access has not yet been met. Ironically, achieving affordability in its current political definition means competing for resources that might otherwise increase access (Breneman, 1981).

In the 1970s and 1980s, access was often contrasted with choice, with access being a political code word for enrollment in a low-priced public university or community college and choice signifying the opportunity to enroll at a higher-priced private college or university. Today, access is entangled in the complexities of affirmative action and the process of selective admission to undergraduate and professional programs. The political emphasis on access, equity, and opportunity that gave rise to need-based federal aid programs seems to have waned in recent years as the focus has shifted to merit awards and the concerns of middle- and upper-income families about how to pay for college (Breneman, 1981).
American society, at least as defined by the last few congressional and presidential cycles is becoming increasingly conservative. The elements of this conservatism include reluctance to the notion of a benign government, to social welfare programs, and to transfer payments from the rich to the poor (St. John, 1991). Insofar as there is a growing public agenda for education, the conservative bent of the electorate has been moving to advance the education policy agenda through private or at least market-oriented mechanisms, including reforms throughout K-12 and higher education institutions (Johnstone, 1999).

Another issue that is wrapped in a political context is accountability. This political code word is focused on the need to curb the increasing escalation of college costs and to ensure that the quality of the programs offered is high. Because politicians are concerned with families’ views on both cost and quality of higher education, trends in those measures are particularly sensitive. Given that college prices have been increasing rapidly and that complaints about college quality are increasingly being heard, it is not much of a stretch to see why political demands for accountability on the part of colleges and universities also have been escalating. Tensions between governors and public college presidents are apparent in many states, with politically-appointed Boards of Trustees often placed in the middle (Breneman, 1981). At least two dilemmas compound this problem: 1. the economics of cost, price, and production in higher education are messy and poorly understood—even by those within the industry, and 2. the measurement of assessment of outcomes from higher education is rudimentary at best (College Board, 1999).
As a consequence of the trend towards more conservatism in the electorate as reflected by state legislatures and governing boards, relationships between state governments and higher education are likely to become more strained because of five broad trends (McGuinness, 1999).

1. Escalating demands—These are driven not only by sheer population numbers but also by higher expectations about what students should know and be able to do as a result of a college education.

2. Severe restraints—Dealing with gradual economic recovery, it is unlikely that higher education will see significant improvements in funding within the next decade. The rising federal deficit, competing priorities for public funds, public anger about rising student costs, and severe competition for limited corporate and philanthropic funds all contribute to the continuing political constraints (McGuinness, 1999).

3. The academy’s inherent resistance to change—As demands increase and resources dwindle, institutions are only slowly recognizing that if they continue business as usual, their ability to educate and continue their research and service missions will be seriously compromised. The resulting public frustration with the academy’s inability to respond to societal needs intensifies the danger of political intervention.

4. Negative climate of public opinion—According to McGuinness (1999), there is now a feeling that higher education lacks value for the individual and society. On the contrary, the problem seems to be that the public values higher education greatly, but they see it being directed by largely internal agendas that are
disconnected from social priorities and mismanaged in ways that make it ever more costly.

5. Instability of state political leadership—The trend towards term limits and a more conservative electorate and representative government have all contributed to major changes in states’ leadership. As each new state legislative session begins, the proportion of new legislators increases. Consequently, the relative stability provided by the memory about state higher education policies by long-term legislative leaders is being lost. Other issues are now dominating state legislative agendas (Rupert, 1996).

Economic, social, and political themes are hard to separate from a higher education agenda for sustainability and growth. They can, however, provide a context for consideration of three other broad issues of political support for higher education:

1. The size of the state’s higher education enterprise—How much publicly-supported higher education does the state need, or will it choose to afford?

2. The efficiency and productivity of the higher education enterprise—What should public higher education cost per unit, whether the unit is students enrolled, degrees granted, scholarships provided, service rendered, or culminations thereof?

3. What sources of revenue will support the higher education enterprise—Who pays the cost of state public higher education? Students and parents? Government and taxpayers? Philanthropists?

By these and other measures, it is clear that America has chosen to support a large, accessible, and highly diverse system of higher education. These choices are made in the
form of literally millions of decisions by parents and students to pay the cost of college, thereby giving expression to the value they place on higher education for themselves or for their children (Johnstone, 1999).

At the time of the political considerations for the five state colleges examined in this dissertation, four forces were working to expand an already large higher education enterprise—publicly-supported higher education. First, by the middle of the first decade of the new millennium, Johnstone (1999) believes that the 18 to 24-year-old age cohort would be dramatically expanding. He predicted the traditional college-going age cohort would increase by about 16 percent by 2006. This, of course, impacts demand and access for higher education. The second force predicted by Johnstone is that there would be an expansion of participation and completion in higher education due to a perception of higher private rates of return and perceived need for at least some higher education for workplace positions of higher compensation and status. The third force related to the above is the expansion and achievement of ever-higher degree levels by the average student. Johnstone (1999) believes this phenomenon was probably a function of the increasing amount and complexity of knowledge required to become and maintain a higher status of the workplace. Another force identified by Johnstone and also studied by Massey and Zamsky (1990, 1995), collectively identify a perpetual dissatisfaction on the part of professors, staff, and administrators with the status quo and their determination to do more and better.

In the context of state higher education systems, the political issues that surround formula budgeting are worth noting. The University and Community College System of Nevada, for instance (yet not uniquely among the case study states), operates within a
legislatively mandated formula budgeting system that is triggered when individual campus budgets roll up through the Board of Regents to the state legislature. The Nevada legislature operates on a percentage formula basis, but traditionally the budget requests are marked down by a percentage based on available state resources as perceived by the political process. There are a number of differing approaches to formula budgeting, some based on historical trends with growth projections and others largely based on political intervention. As the name implies, formula budgeting is the application of one or more formulas to the budgeting process (Caruthers & Orwig, 1979). Each formula manipulates certain institutional data based on mathematical relationships between program demand and cost to derive an estimated dollar amount to support future program operations. Formulas are based on historical data, projected trends, and negotiated parameters to provide desired levels of funding. As such, formula budgeting is a “combination of technical judgments and political agreements” (Meisinger & Dubeck, 1994). This form of budgeting is used mostly at the state level as a method for public institutions to develop their appropriation requests.

(Brinkman, 1984; Meisinger & Dubeck, 1984; Morgan, 1984; Welssenbach, 1982; Caruthers & Orwig, 1979): conclude the following are formula budgeting strengths:

1. It provides equitable distribution of funds among institutions.

2. It enhances uniformity and ease of budget operation.

3. It provides a useful framework through which colleges and universities communicate with their state legislature.
4. It depoliticizes the budgeting process by relying on neutral and technical decision making rather than power and influence associated with the traditional political processes.

(Hossler, Kuh, & Bateman, 1989; Welzenbach, 1982; Caruthers & Orwig, 1979), conclude the following are weaknesses of formula budgeting:

1. Although the process may appear to be less political, formula budgeting just shifts the level of political judgments up to the level of technical analysis of project worthiness.

2. Formula budgeting approaches are typically enrollment-driven which may become problematic during periods of enrollment downturns.

3. The quantitative nature of formula budgeting makes it difficult to include qualitative issues in the political discussion.

4. Mechanisms to fund new or innovative programs (or new campuses) are typically lacking in formula approaches—requiring specific legislation in many cases.

5. Formula budgeting perpetuates the status quo because they are based on historical relationships.

6. Formula approaches encourage institutions to develop high-cost programs because the formula generates more funds from such programs. Universities and colleges have learned this “strategy” well.

7. Many formula approaches do not recognize differences in institutional missions or programs

8. Formulas tend to be overly simplistic and rigid.

Administrators in states that use formula budgeting want the appropriation used as a top-line revenue mechanism—not as an internal budgeting technique after the allocation is approved or received. Administrators want the latitude to make institutional budget unit decisions given the fact that legislatures rarely appropriate one hundred percent of the request.

The review of literature for this study was intended to examine recent articles, commentary and publications that were specifically relevant to the four dimensions under analysis in this study. First, academic demand was reviewed including a discussion of human capital theory, issues related to applying economic models of demand, and specific factors or variables relative to higher education demand in particular. Then the funding and allocation of resources for higher education were explored including linkages between budgeting and planning. Next, consideration of potential alternatives to a new institution was examined. Finally, the review examined the role of politics in higher education policy including its interaction with such issues as affordability, access, accountability, and funding.
CHAPTER THREE

METHODOLOGY

Case Studies as a Research Strategy

As a research activity, the case study approach contributes to our knowledge of individual, organizational, social, and political phenomena. It has long been used as a research strategy and technique in psychology, sociology, political science, and urban planning studies (Aristotle, 323 BC, Barker, E., in Introduction, 1995). It has been used in economics where the structure of a given industry, or the economy of a given city or region, may be investigated by using a case study.

In all of these situations, the distinctive need for case studies arises because of a desire to understand complex social phenomena. In brief, the case study allows an investigation to retain the meaningful characteristics of real-life events and actions (Yin, 1989). Case study analysis as a strategy is not a new process or methodology. It has beginnings in antiquity.

Case Study Methodology

In every case study, the goal is to have an effective template. When taken as a whole, the complete research design provides guidance in determining what data to collect and the strategies for analyzing the data. As a template, the study purposively utilizes a cross-case comparative analysis to examine the formation processes at five new state colleges.
This study will use a two-stage interdependent strategy for a research design. The two stages are an analysis of documents and artifacts relating to the planning phases of the five new middle-tier state colleges formed since 1994. The second stage is an analysis of interviews conducted with college formation decision-makers involved in each of the new public state colleges. The resultant data will be combined in a synthesis targeted at providing an understanding of how the new college formation process was enabled.

Since no comprehensive pure methodology for policy analysis exists, researchers must know a variety of different methods in order to apply them effectively to particular research questions. Indeed, some policy research methods depend on already existing information (e.g. focused synthesis). Other methods involve data collection (e.g. surveys). These methods tend to be appropriate when new information is needed to generate new policy options. Generally, some methods are most appropriate when alternative policy options exist (e.g. cost-benefit or cost/effectiveness analyses). In a general sense, two methods appear more appropriate when transitioning from policy research to policy analysis. One method has been referred to as “focused synthesis” (Doty, 1983, page 13). Focused synthesis is somewhat akin to traditional literature reviews in that it involves a more specific and selective review of written materials and existing research findings relevant to the particular research questions. However, focused synthesis differs from traditional literature by discussing information obtained from a variety of sources beyond published articles. For example, a typical synthesis might include discussions with experts and stakeholders, congressional hearings, anecdotal stories, personal past experience of the researchers, unpublished documents, staff
memoranda, and published materials. In the evaluation of the institutions in this study, several of the above synthesizing methodologies were used.

Another way that focused synthesis differs from traditional literature review is in its purpose. Literature reviews tend to describe the sets of research sub-studies and identify gaps or areas needing more research. Focused synthesis, on the other hand, will generally describe its sources, to the extent to which they directly contribute to the overall synthesis. The final way in which focused syntheses and literature reviews differ is in the extent to which they stand alone. Often traditional literature reviews are used as background for later research. Gaps identified by review are presumably filled by a subsequent data collection effort. In contrast, focused synthesis tends to be used alone in a technical policy analysis. The results of the synthesis are the results of the policy research effort. The recommendations presented are derived exclusively from the synthesized information. Since the recommendations are based solely on the information used in the focused synthesis, such a policy analysis effort is constrained by both the availability and timeliness of the information. Fortunately, in this focused project the information and timeliness issues were not constraints to evaluating the case study institutions. The data review of the case study institutions in this study was ex post facto and vetted by the higher education governing or coordinating boards and the respective state legislatures. In this regard, focused synthesis provides an advantage over other methods in that it can be performed in an efficient and timely fashion (Majchrzak, 1984).
New College Focused Synthesis

The focus of this analysis is to critically examine the data sets used by the local state college organizers or governing boards in determining legislative funding criteria in order to make recommendations. However, that is only part of the decision-making process. The higher education decision makers ultimately made a political recommendation that they felt was justifiable from their statutory perspective after viewing and hearing about the demand side factors. In Florida, California, Oregon, and Nevada, the state legislatures also made political decisions based on their representative perspectives. Therefore, the focus must be multi-dimensional. Analyzing an individual institution demands data, which are necessary, but not sufficient. In the real world, much care must be given to the supply of and the willingness to commit public resources. Therefore, insight is critical as to the political factors that were in play during the time period in which these new colleges' formation decisions were made. One of the ways by which political insight can be obtained is by the interview process involving the decision makers actually involved or who were otherwise interested parties. Other methods of gaining political insight involve reviewing the voluminous media accounts that are archived in newspaper stories and editorial columns in the press.

Spradley (1989) refers to focus as a single cultural domain or a few related domains and the relationship of such domains to the rest of the cultural scene. Spradley further states that at first it is difficult to know which domains will cluster together to form an ethnographic focus. Spradley suggests carrying out a surface investigation, identifying and partially studying as many cultural domains as possible or electing an ethnographic focus and conducting an in-depth investigation. Performing the latter, a researcher may
have to ignore many possible important features within the cultural scene as fallout of the project's scope. Such a determination makes an in-depth investigation's narrower focus less meaningful by ignoring too many layers of public policy and political intervention in the decision-making process. The various state "needs assessment" artifacts are far from being straight-forward cost-benefit analyses—thus, an array of cultural domains needs to be investigated. The real focus is not just on the surface; however, rather a compromise between a manifest (or surface) and more latent in-depth analysis must be completed. For this study, a content analysis of artifacts is used to identify the four domains or dimensions addressed. A description of the methods used to analyze the contents of the artifacts follows in the next section.

The methodology for this project followed the general line of collecting data and opinions from various citizens or other archival sources, sifting the valid elements, and attempting to arrive at a set of truths that described the necessity rationales regarding the formation of a new state college. The research objective was partially achieved via an analysis of interviews conducted with several sets or sub-sets of stakeholders in the decision to create the five case study institutions in California, Oregon, Nevada, and Florida. Access was gained to many of the following potential stakeholders in the subject states: legislators, executive officers, municipal authorities, regents, and higher education system administrators.

In the course of this methodology, I conducted an interview with each of several individuals in the above categories. The purpose for the information I sought was to gain insight into the thought processes of how the college formation rationale was locally conceived and later implemented. The sum of the components of this qualitative analysis
led to an understanding of how the case study institutions were conceived and later established.

Artifact and Document Analysis

Aristotle recognized a parallel between artifacts and things such as humans, animals, and plants which exist in nature. He uses an example of a man building a house. The builder conceives of the house in his mind, he then sets to work to create that house by imposing that form on his materials, and the house is the end or goal of his activity. The house is not simply a pile of bricks and planks. In creating the house, the bricks and planks are given a form—that is, a structure or organization. If they cease to have that organization, the house no longer exists. If the materials are rearranged in a different form we have a different building (Aristotle, 323 B.C./1995).

The same pattern of analysis applies to human beings and their individual or collective actions. Human beings have within them a principle of growth which impels them not to develop randomly, but to develop towards an end. Aristotle's conception of nature is very teleological. Everything which exists by nature exists for an end, and one cannot grasp its nature without understanding that end. Knowledge about the end usually only comes from understanding the means to the end. This is where artifacts or documents—terms used interchangeably in this dissertation—can assist one in understanding the means leading towards the end. Glesne (1999) writes of the value of artifact usage by the qualitative researcher, "they corroborate your observations and interviews and thus make your findings more trustworthy. Beyond corroboration, they may raise questions about your hunches and thereby shape new directions for questions"
and interviews" (Glesne, 1999). In further judging the value of a data source, Merriam (2001) says that a researcher “can ask whether the artifact contains information or insights relevant to the research question and whether it can be acquired in a reasonably practical yet systematic manner” (Merriam, 2001, p. 124). In qualitative research, Merriam says that if the two questions asked can be answered in the affirmative, an adequate reason exists to use a particular source.

The documents and artifacts used in the observations are the official Nevada Legislative Bulletin 01-9, the California Post Secondary Education Guidelines, the California State University Monterey Bay Post Secondary Commission Report, the California State University Channel Islands Post Secondary Commission Report, the Florida Gulf Coast University State University System Report, and the Central Oregon University Center Needs Assessment. Each of the documents and artifacts will be introduced in Chapter Four in terms of a review of the various state higher education governing boards’ policy-making approaches to considering new college formation. All documents will be considered in Chapters Four through Eight in a more empirical assessment of the academic demand calculations actually employed in the case-study states.

The state-authored documents contain the demographic data used by the governing authorities responsible for assessing and approving new higher education campuses. Further, they address issues such as a mission statement, access, enrollment, human capacity, operating and capital costs, and economic development, options related to demand for higher education, accreditation requirements, public comment, and environmental impacts. Lastly, the artifacts generally set forth an implementation plan
for the publicly funded state colleges in the case-study data set. The artifacts yield
significant information about the demand side of the middle-level higher education
concept - i.e. between the community colleges and the research / doctoral universities.
The various artifacts assist in providing data and information towards an end - the
legislative decision to go forward with public funding. The artifacts are an important part
of the analysis because they provide not only useful demographic data, but yield critical
information concerning the empirical assumptions used in the presentation of data and
the decision-making political process.

The Interview Process

The formation of a new college injects both financial and political issues into any
particular educational need that may be present. Creating and building a new college or
university is an expensive undertaking and will of necessity involve political decision­
makers in the region and state where it is proposed. This has proven to be the case
whether the new college is public or private since both financial and political issues are
present even when the facility itself is privately funded--by means of environmental
impacts, zoning, tax incentives, government contracts for research, and many more.

The official Needs Assessment documents prepared by the case study states
generated data used in the document artifact portion of this study. The researcher
conducted interviews with active stakeholders and participants in the process. The focus
of these interviews was on the four principal issues: academic need or demand, scarce
resources (state capital and operating costs), consideration of alternatives, and the role of
politics. A few ancillary yet relevant college formation questions were added to the
interview protocol to facilitate and expand the conversations with the interviewees on the important cultural and contextual issues that were essential to the actual assessment and recommendation process. While facilitative to the discovery of actual stakeholder actions and rationale, the ancillary questions and responses did not materially affect the analysis or outcomes. The interviews were coded by date, time, place, case study institution or college system, rank or title of the interviewee, and an identifier for each respondent.

A series of sixteen questions were developed to serve as topic generators. Each had the capability of generating several follow-up questions. The format was informal. Not every respondent was asked every question—they were not relevant to all of the interviewees. The questions were designed to be pointed, probing, and capable of eliciting conversation and information from the respondents. While the interviewees were offered confidentiality, they all declined prior to the start of the interview. Construct validity of the interview protocol was determined by having the protocol reviewed by a two-professor panel with expertise in interviewing processes and case study methodology. The interviewees consisted of either a Chancellor or President of the case study institutions or systems, along with senior system staff involved in the early planning, consultants, regents and a legislator.

System Effectiveness

A performance rubric describing the collective effectiveness of each of the state colleges was developed based on the four dimensions identified in the literature for this study. Each of the state colleges was in turn evaluated on its thoroughness and effectiveness in the planning process for building a new institution within its state. The
research dimensions were the academic demand, the state resources available for creating and sustaining a new state college, the consideration of alternatives, and the role of politics in the decision-making process. Figure 3.1 describes the rubric continuum across the four dimensions.

The process of rating each college’s effectiveness across the four dimensions was based on their thoroughness in calculating an accurate level of demand for the creation of a new higher education institution. The evidence of academic demand was based on the growth in population of both traditional and non-traditional college-age participants, the enrollment patterns at market area community colleges and/or near-by university branches or centers, the regional demand for specific professions and historical matriculation/completion rates. The evidence of available state resources followed from the acceptance of the demand, including valid enrollment projections, by legislative and executive branch elected officials.

The evidence for effectively and thoroughly evaluating alternatives depended, in part, on the nature of the regulatory guidelines for a state. Some states may require FTEs to be actually demonstrated at community colleges or other university branches or centers prior to beginning the needs assessment process for a new campus. Other states may have no such policies or guidelines. The existence of these threshold policies provided evidence for the consideration of alternatives before proposing a new institution.

The evidence of the role of politics was harder to empirically demonstrate in terms of effectiveness or thoroughness. Politics is inherently involved in the funding and operating of public higher education. Gaining political support requires political power and (usually) a proposal’s ability to engender widespread and bi-partisan acceptance. In
states where there were regulations and guidelines for planning and implementing new higher education institutions, politics played more of a role in the funding prioritization, rather than the go / no go decision. In those states, if the proposed institutions met specified criteria (especially for FTEs), the proposal moved forward into the appropriations battleground. For those states with limited or no regulations for the planning process, politics may play an increased role in each step of the process for creating a new college.

<table>
<thead>
<tr>
<th>Ineffective</th>
<th>Effective</th>
</tr>
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<tbody>
<tr>
<td><strong>NEW COLLEGE CONSIDERATION</strong></td>
<td><strong>NEW COLLEGE CONSIDERATION</strong></td>
</tr>
<tr>
<td>Academic demand: Determinants less than fully considered</td>
<td>Academic demand: Determinants fully considered: (income, population, substitutions, expectations, tastes &amp; preferences)</td>
</tr>
<tr>
<td>State financial resources: Unfunded or partially funded</td>
<td>State financial resources: Funding requirements fulfilled by accurate/valid enrollment projections</td>
</tr>
<tr>
<td>Alternatives: Limited or superficial consideration of H.E. alternatives and state capacity utilization</td>
<td>Alternatives: Full analysis of H.E. alternatives and state capacity utilization</td>
</tr>
<tr>
<td>Politics: Less influential on policymaking and decision-making</td>
<td>Politics: Highly influential on policymaking and decision-making</td>
</tr>
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</table>

Figure 3.1. A Public Policy Performance Rubric
The rubric in Figure 3.1 depicts the effectiveness of the planning process given the approaches taken when the state higher education governing agency contemplated, planned, and then built a new college. The rubric was based on a determination of the effectiveness and thoroughness of the processes used by synthesizing the artifacts and interviews analyzed in the cross-case studies. In rating the case study institutions, the diamond marker symbol was positioned appropriately between the end points of the effectiveness / non-effectiveness continuum.

There was an analogy in this study between effectiveness and economic efficiency. Economic efficiency has a number of contextual definitions. One definition or measure of efficiency is the achievement of the optimal goal by maximizing the net benefits to society (Schiller 2001). Efficiency can mean the absence of waste, or in this case, the waste of an opportunity to make someone better off without making anyone else worse off (Schiller, 2001). Continuing, if society fails to take actions that would make people better off (such as providing access to higher education), without hurting anyone—that is, if society fails to achieve economic efficiency—it has wasted valuable opportunities. Of course, calculating if someone is hurt or worse off might mean a taxpayer that was unwilling to absorb his/her share of the cost of higher education. The goal of this study was to assess the level of university system effectiveness in the process of creating new colleges. A practical application of cost-benefit analysis would be to guide the efficient (non-wasting) allocation of resources.
Summary

This chapter began with a set of definitions describing the difference between policy research and policy analysis. Next, a discussion was presented describing the case study methodologies used in this project. The method was a focused synthesis comprising an analysis of higher education documents and artifacts assembled in the needs assessment process and interviews conducted with principal stakeholders at all of the selected case study institutions. The rubric used to describe effectiveness and thoroughness of the case study institutions' planning process was presented. Finally, this dissertation looked closely at using the case study as a methodology in the design, analysis, and interpretation of a policy analysis problem.
CHAPTER FOUR

FLORIDA GULF COAST UNIVERSITY

The story of Florida Gulf Coast University (FGCU) is a visionary one built on high levels of public support for providing higher education opportunities in southwest Florida. Area citizens began the initiative to bring a state university to this isolated part of Florida, and their requests were eventually supported by elected officials at the local and state levels. The Board of Regents formally recommended in January 1991 the development of Florida’s tenth state university to be located in southwest Florida (FGCU Self-Study, 1999). Following the Board of Regents’ recommendations of supporting the development of a new university, the legislature endorsed planning with statutory authorization in May 1991.

Between spring 1991 and spring 1992, a site selection process was begun and completed. A long-range enrollment plan was completed, taking into account university and community college student admission trend lines. An assessment of existing academic programs at the University of South Florida–Fort Myers Center and of potential new program requirements in the next decade got underway by late summer of 1991 (FGCU Needs Assessment, 1994). An important element of this early assessment activity was the “collaboration with Edison Community College,” an existing two-year institution located in Fort Myers (see Interview No.7, Question 2). In spring 1991, the governor had barely signed the legislation authorizing the new university when private
landowners offered more than 20 gift sites for the university campus. In early 1992, the Board of Regents selected the current site of slightly more than 760 acres of land located just east of I-75 near Fort Myers International Airport (FGCU Fact Book, 2002). Figure 4.1 below depicts the southwestern Florida five-county service area for the new Florida Gulf Coast University.

Vice Chancellor Roy McTarnahghan of the Florida State University System (SUS) was named founding university president in April 1993 (FGCU Fact Book, 2002). Initial planning staff was hired that summer, and the university's academic and campus facility planning began in earnest. Architectural and building plans for the first phase of campus construction were in place by February 1994 and, shortly thereafter, the Florida
legislature named the institution as Florida Gulf Coast University (FGCU Self-Study, 1999). The vision for the university was one which would address emerging higher education needs for the 21st century, including the use of technology in the learning and teaching processes and multi-year contracts as an alternative to faculty tenure (FGCU Needs Assessment, 1994). The Florida Board of Regents approved an agreement in May 1995 with the United Faculty of Florida allowing FGCU to offer a contract system for faculty employment (FGCU self-Study, 1999).

The campus groundbreaking was held on November 28, 1995. With an aggressive academic program and campus construction and development schedules slated to culminate in an opening day of August 25, 1997 (FGCU Fact Book, 2002), it was necessary to hire staff and faculty shortly after the groundbreaking. Inaugural degree programs were approved by the Board of Regents in March 1996, following faculty collaboration on academic need and program development. FGCU Foundation, a private fundraising arm of the university, was able to gain substantial financial support for an institution which at the time could only be seen on the drawing board (FGCU Self-Study, 1999).

The first FGCU student was admitted in January 1997. The Southern Association of Colleges and Schools awarded FGCU accreditation candidacy later in 1997 (FGCU Self-Study, 1999). The first commencement was held in May 1998 with 81 FGCU graduates. A year after opening, founding President McTarnaghan announced his intention to step down on May 1, 1999. FGCU's second commencement held in May 1999 marked the last official act of the founding president as well as the graduation of 417 students. In June 1999, the university received official notification that it had achieved, in record
time, accreditation by the Southern Association of Colleges and Schools (FGCU Fact Book, 2002). In July 1999, the Board of Regents named William Merwin as FGCU’s second president. As President Merwin took office, he immediately initiated a participatory strategic planning process for students, faculty, and staff to carry the young institution to its next stage of development. As FGCU moved forward into the new century, student applications and admissions dramatically increased, along with rapid campus construction of academic and support buildings (FGCU Fact Book, 2002).

Academic Demand

Demographic Profile of Southwest Florida Region

At the beginning of the decade of the 1990s, southwest Florida was a rapidly growing area that was also easily accessible from the major population centers in Tampa and Miami. In 1990, it was estimated that 10 million people or 75 percent of Florida’s population lived within a 150-mile radius of Lee County, where Florida Gulf Coast University’s campus was to be located (Lee County Office of Economic Development, 1993). The five-county university service area (Lee, Collier, Charlotte, Blades, and Hendry counties) encompass three Metropolitan Statistical Areas (MSAs). The southwest Florida region also experienced rapid development during the 1980s—over twice the overall growth rate in Florida (68.7 percent versus 32.7 percent), and in the case of Charlotte County (89.8 percent), almost three times the Florida growth rate. During the 1980s, the region added over 250,000 residents (U.S. Department of Commerce, Bureau of the Census, 1990 Census of Population and Housing).
Florida higher education officials predicted strong population growth in the southwest Florida region over the next 15 to 25 years (see Table 4.1). Although estimated in 1993, the population growth rate that occurred was not expected to match the rapid development of the 1980s. It was expected that most counties would exceed the expected growth rate for the overall state (University of Florida, Population Studies, June 1990).

Higher education officials in Florida, especially advocates for a new state university in southwest Florida, realized that a significant issue relating to academic demand was the statistics and projections of the regional population by age distribution (see Interview No. 7, Question 9). The southwest region has proportionately fewer younger residents (under 44 years of age) and more residents over 45 years of age than the average for the state (see Table 4.1). In 1993, only 17 percent of area residents were less than 15 years of age. Also, slightly fewer than 10 percent of residents in the five-county proposed service area were in the 15–24 years of age group, while the Florida statewide average was over 12 percent. On the other hand in 1993, 25.5 percent of the five-county region's residents were over 65, while only 18.4 percent of overall Florida residents were in that age group. The explanation for these age distribution figures is readily apparent—southwest Florida historically has been highly desirable as a retirement destination for older citizens escaping the northern states' colder weather. Nevertheless, the wide differential between the actual numbers of individuals in the older population categories caused significant concern among Florida State University System (SUS) officials in the early 1990s. The principal question, of course, was whether the more traditional college-age population would continue to grow at a rate that would sustain and drive academic demand in
sufficient numbers for the state to publicly support a new university. While the 15–24 year old age group population was expected to rise, there was concern whether it would grow sufficiently to merit the establishment of a new state university (FGCU Needs Assessment, 1994).

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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Pop. Rank in State (1992)</td>
<td>Num.</td>
<td>%</td>
</tr>
<tr>
<td>Charlotte</td>
<td>58,460</td>
<td>110,975</td>
<td>118,682</td>
<td>26</td>
<td>52,515</td>
<td>89.93</td>
</tr>
<tr>
<td>Collier</td>
<td>85,971</td>
<td>152,099</td>
<td>168,514</td>
<td>20</td>
<td>66,128</td>
<td>76.92</td>
</tr>
<tr>
<td>Glades</td>
<td>5,992</td>
<td>7,591</td>
<td>8,135</td>
<td>65</td>
<td>1,599</td>
<td>26.69</td>
</tr>
<tr>
<td>Hendry</td>
<td>18,599</td>
<td>25,773</td>
<td>27,844</td>
<td>45</td>
<td>7,174</td>
<td>38.57</td>
</tr>
<tr>
<td>Lee</td>
<td>205,266</td>
<td>335,113</td>
<td>350,809</td>
<td>11</td>
<td>129,847</td>
<td>63.26</td>
</tr>
<tr>
<td>Region</td>
<td>374,288</td>
<td>631,551</td>
<td>673,984</td>
<td>-</td>
<td>257,263</td>
<td>68.73</td>
</tr>
<tr>
<td>Florida</td>
<td>9,746,961</td>
<td>12,937,926</td>
<td>13,424,416</td>
<td>-</td>
<td>3,190,965</td>
<td>32.74</td>
</tr>
</tbody>
</table>

Also important in estimating the potential demand for the new university was the 25-44 years-of-age cohort. As seen in Table 4.2, this group of southwest region residents totaling 171,375 in population (1992) is comprised of economically active adults who may want or need graduate and professional programs. Table 4.2 (1993) shows the age distributions as they existed at the time of the 1990 census.

Table 4.3 depicts the population projections by age distribution for the period 1995-2005. This table shows how age distributions were expected to change in the region. It can be seen that the largest increase in numbers are expected among the 25-64 years of age cohort—the working age population. After 1995, the region was expected to add about 25,000 new residents aged 15-24 every five years. By 2005, the 15-24 cohort was expected to number 250,164. Florida Higher Education System officials made the projection that approximately 37 percent of that group would be between 15-24 years of age—college age or soon-to-be college age. The population dynamics of the southwest Florida region certainly played a key role in the determination of the type, scope, and variety of the academic programs that would be ultimately designed for the Florida Gulf Coast University campus. The heavy skew towards the working, adult-age group cohort, convinced SUS officials of the need to introduce professional programs as a significant portion of the curriculum at FGCU (FGCU self-Study, 1999).
Table 4.2. Age Distributions by County, Region and in Florida, 1992.

<table>
<thead>
<tr>
<th></th>
<th>0-14</th>
<th>15-24</th>
<th>25-44</th>
<th>45-64</th>
<th>65 and Over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Num.</td>
<td>%</td>
<td>Num.</td>
<td>%</td>
<td>Num.</td>
<td>%</td>
</tr>
<tr>
<td>Charlotte</td>
<td>15,731</td>
<td>13.25</td>
<td>9,701</td>
<td>8.17</td>
<td>23,859</td>
<td>20.10</td>
</tr>
<tr>
<td>Collier</td>
<td>29,632</td>
<td>17.58</td>
<td>16,976</td>
<td>10.07</td>
<td>45,305</td>
<td>26.89</td>
</tr>
<tr>
<td>Glades</td>
<td>1,658</td>
<td>20.38</td>
<td>954</td>
<td>11.73</td>
<td>1,942</td>
<td>23.87</td>
</tr>
<tr>
<td>Hendry</td>
<td>7,495</td>
<td>26.92</td>
<td>4,141</td>
<td>14.87</td>
<td>8,054</td>
<td>28.93</td>
</tr>
<tr>
<td>Lee</td>
<td>59,912</td>
<td>17.08</td>
<td>34,805</td>
<td>9.92</td>
<td>92,215</td>
<td>26.29</td>
</tr>
<tr>
<td>Region</td>
<td>114,428</td>
<td>16.98</td>
<td>66,577</td>
<td>9.88</td>
<td>171,375</td>
<td>25.43</td>
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<tr>
<td>Florida</td>
<td>2,561,884</td>
<td>19.08</td>
<td>1,668,881</td>
<td>12.43</td>
<td>4,004,917</td>
<td>29.83</td>
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<tr>
<td>0-24</td>
<td>169,293</td>
<td>26.8</td>
<td>181,005</td>
<td>26.9</td>
<td>+0.1</td>
<td>6.9</td>
<td>198,813</td>
<td>26.6</td>
<td>225,673</td>
<td>26.3</td>
<td>250,164</td>
<td>25.9</td>
<td>69,159</td>
</tr>
<tr>
<td>25-64</td>
<td>302,868</td>
<td>48.0</td>
<td>320,942</td>
<td>47.6</td>
<td>-0.4</td>
<td>6.0</td>
<td>353,051</td>
<td>47.3</td>
<td>407,199</td>
<td>47.5</td>
<td>461,442</td>
<td>47.9</td>
<td>140,500</td>
</tr>
<tr>
<td>65 and over</td>
<td>159,390</td>
<td>25.2</td>
<td>172,037</td>
<td>25.5</td>
<td>+0.3</td>
<td>7.9</td>
<td>194,947</td>
<td>26.1</td>
<td>225,212</td>
<td>26.2</td>
<td>252,788</td>
<td>26.2</td>
<td>80,751</td>
</tr>
<tr>
<td>Total</td>
<td>631,551</td>
<td>100.0</td>
<td>673,984</td>
<td>100.0</td>
<td>-</td>
<td>6.7</td>
<td>746,811</td>
<td>100.0</td>
<td>858,084</td>
<td>100.0</td>
<td>964,394</td>
<td>100.0</td>
<td>290,410</td>
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</tbody>
</table>


College Matriculation

With the exception of two rural counties in the southwest Florida region, the percentage of the population with a high school degree in 1990 was above the Florida state-wide average of 74.4 percent (see Table 4.4). The southwest Florida region had fewer residents with college (11.1 percent) and graduate or professional degrees (6.3 percent) than the Florida average (12 and 6.9 percent, respectively). In 1993, the key decision point year for SUS officials and the state legislature, slightly fewer students in the region entered Florida public community colleges (47.6 percent), than the Florida average (49.9 percent), and slightly more entered four-year colleges and universities, both public and private and in-state and out-of-state institutions as well as technical or trade schools. Altogether, 51.6 percent of students in the region chose these higher education options as opposed to 48.8 percent statewide (see Table 4.4).

Business Outlook and Support for Higher Education

Prior to 1980, southwest Florida was isolated and largely rural – it was a sleepy retirement destination with very little business growth potential. Since 1980, however, based on the last 25 years’ population and economic growth as well as the quality of life and location between the Tampa and Miami metropolitan areas, southwest Florida has increasingly attracted business investment and development. Those trends have continued since the turn of the new century (see Interview No. 7, Question 1). Increasing business investment has been bringing greater diversification to the local economy, which remains largely dependent on services and retail associated with the tourism and retirement industries (FGCU Needs Assessment, 1994).

<table>
<thead>
<tr>
<th>Location</th>
<th>Total</th>
<th>Less than 9th Grade</th>
<th>High School</th>
<th>College</th>
<th>% H.S. Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Some, no diploma</td>
<td>Diploma</td>
<td>Some, no diploma</td>
</tr>
<tr>
<td>Charlotte</td>
<td>87,427</td>
<td>6,171</td>
<td>15,104</td>
<td>33,182</td>
<td>16,398</td>
</tr>
<tr>
<td>Collier</td>
<td>110,308</td>
<td>9,227</td>
<td>13,902</td>
<td>33,254</td>
<td>22,813</td>
</tr>
<tr>
<td>Glades</td>
<td>5,198</td>
<td>836</td>
<td>1,379</td>
<td>1,739</td>
<td>687</td>
</tr>
<tr>
<td>Hendry</td>
<td>15,027</td>
<td>3,335</td>
<td>3,187</td>
<td>4,683</td>
<td>1,711</td>
</tr>
<tr>
<td>Lee</td>
<td>245,559</td>
<td>17,582</td>
<td>39,144</td>
<td>82,953</td>
<td>51,499</td>
</tr>
<tr>
<td>Region</td>
<td>463,519</td>
<td>37,151</td>
<td>72,716</td>
<td>155,811</td>
<td>93,108</td>
</tr>
<tr>
<td>Florida</td>
<td>8,887,168</td>
<td>842,811</td>
<td>1,428,363</td>
<td>2,679,285</td>
<td>1,723,385</td>
</tr>
</tbody>
</table>

As viewed by the SUS in the mid-1990s, however, business in southwest Florida had manifested enough support for higher education. This was evidenced by the following: “In 1995, Edison Community College ranked fifth in the nation in the amount of annual private funds raised and in the total amount of invested endowment; the local funding and endowment of several faculty chairs at the University of South Florida – Fort Myers branch campus and its nursing, MBA, and teacher education programs.” (Business Development Corporation of Southwest Florida, University Quest: A Special Progress Report, 1994).

**Enrollment Growth at State Universities**

An analysis of head count enrollment patterns at state universities (see Table 4.5) indicates that USF (Tampa), and relatively nearby state universities (UCF–Orlando, Florida Atlantic University FAU–Ft. Lauderdale, and Florida International University FIIU–Miami) have outpaced most of the other state universities in enrollment growth during the 10-year period from fall 1981 to fall 1992. During this period, USF’s increase in enrollment of 8,041 students was the third highest in the state. By 1992, USF’s head count enrollment of 32,467 students was the largest in the state, even larger than the University of Florida and its 31,932 students. In general, universities in the region nearest to Florida Gulf Coast University (USF-Tampa and UCF-Orlando) had proportionately larger enrollment growth from 1981 to 1992 when compared to other universities in the state. USF maintained a branch campus in Fort Myers throughout this period. Full-time equivalent (FTE) enrollment growth followed a similar trend (see Table 4.6). USF gained 3,488 FTEs, the third largest increase in the state.
Table 4.5. Total Headcount Enrollment, Fall 1981 to Fall 1992.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UF</td>
<td>29,949</td>
<td>31,687</td>
<td>5.80</td>
<td>32,159</td>
<td>1.49</td>
<td>31,922</td>
<td>-0.74</td>
<td>6.59</td>
</tr>
<tr>
<td>FSU</td>
<td>22,116</td>
<td>22,912</td>
<td>3.60</td>
<td>28,093</td>
<td>22.61</td>
<td>27,810</td>
<td>-1.01</td>
<td>25.75</td>
</tr>
<tr>
<td>FAMU</td>
<td>4,728</td>
<td>5,240</td>
<td>10.83</td>
<td>8,801</td>
<td>67.96</td>
<td>9,049</td>
<td>2.82</td>
<td>91.39</td>
</tr>
<tr>
<td>USF</td>
<td>24,426</td>
<td>27,946</td>
<td>14.41</td>
<td>31,771</td>
<td>13.69</td>
<td>32,467</td>
<td>2.19</td>
<td>32.92</td>
</tr>
<tr>
<td>FAU</td>
<td>8,296</td>
<td>10,705</td>
<td>26.15</td>
<td>14,264</td>
<td>33.25</td>
<td>14,822</td>
<td>-3.91</td>
<td>78.66</td>
</tr>
<tr>
<td>UWF</td>
<td>5,279</td>
<td>6,107</td>
<td>16.50</td>
<td>7,943</td>
<td>30.06</td>
<td>7,386</td>
<td>-7.01</td>
<td>39.91</td>
</tr>
<tr>
<td>UCF</td>
<td>13,093</td>
<td>16,530</td>
<td>26.25</td>
<td>21,267</td>
<td>28.66</td>
<td>21,682</td>
<td>1.95</td>
<td>65.60</td>
</tr>
<tr>
<td>FIU</td>
<td>11,892</td>
<td>16,403</td>
<td>37.93</td>
<td>23,275</td>
<td>41.89</td>
<td>22,597</td>
<td>-2.91</td>
<td>90.02</td>
</tr>
<tr>
<td>UNF</td>
<td>4,988</td>
<td>6,546</td>
<td>30.97</td>
<td>8,504</td>
<td>29.91</td>
<td>9,027</td>
<td>37.90</td>
<td>80.61</td>
</tr>
<tr>
<td>TOTAL</td>
<td>124,777</td>
<td>144,076</td>
<td>15.47</td>
<td>176,077</td>
<td>22.21</td>
<td>176,762</td>
<td>0.39</td>
<td>41.66</td>
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</table>

<table>
<thead>
<tr>
<th>SPECIAL UNITS</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tr>
<td>UF-IFAS</td>
<td>1,581</td>
<td>1,406</td>
<td>-11.07</td>
<td>1,748</td>
<td>24.32</td>
<td>1,971</td>
<td>12.76</td>
<td>24.67</td>
</tr>
<tr>
<td>UF-HEALTH AND MED. CENTER</td>
<td>2,531</td>
<td>2,598</td>
<td>2.65</td>
<td>2,932</td>
<td>12.86</td>
<td>2,961</td>
<td>0.99</td>
<td>16.99</td>
</tr>
<tr>
<td>USF-MEDICAL CENTER(1)</td>
<td>552</td>
<td>860</td>
<td>55.80</td>
<td>1,132</td>
<td>31.63</td>
<td>1,202</td>
<td>6.18</td>
<td>117.75</td>
</tr>
<tr>
<td>TOTAL SPECIAL UNITS</td>
<td>4,664</td>
<td>4,864</td>
<td>4.29</td>
<td>5,812</td>
<td>19.49</td>
<td>6,134</td>
<td>5.54</td>
<td>31.52</td>
</tr>
</tbody>
</table>

Table 4.6. Full-Time Equivalent Enrollment Growth, 1981-82 to 1992-93.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UF</td>
<td>20,706</td>
<td>22,447</td>
<td>8.41</td>
<td>22,505</td>
<td>0.26</td>
<td>22,092</td>
</tr>
<tr>
<td>FSU</td>
<td>15,298</td>
<td>15,391</td>
<td>0.61</td>
<td>19,027</td>
<td>23.62</td>
<td>18,683</td>
</tr>
<tr>
<td>FAMU</td>
<td>3,457</td>
<td>3,758</td>
<td>8.71</td>
<td>6,169</td>
<td>64.16</td>
<td>6,333</td>
</tr>
<tr>
<td>USF</td>
<td>14,226</td>
<td>15,578</td>
<td>9.50</td>
<td>17,419</td>
<td>11.82</td>
<td>17,714</td>
</tr>
<tr>
<td>FAU</td>
<td>4,230</td>
<td>5,409</td>
<td>27.87</td>
<td>7,205</td>
<td>33.20</td>
<td>7,538</td>
</tr>
<tr>
<td>UWF</td>
<td>2,998</td>
<td>3,411</td>
<td>13.78</td>
<td>4,469</td>
<td>31.02</td>
<td>4,098</td>
</tr>
<tr>
<td>UCF</td>
<td>7,504</td>
<td>9,352</td>
<td>24.63</td>
<td>11,989</td>
<td>28.20</td>
<td>12,357</td>
</tr>
<tr>
<td>FIU</td>
<td>5,835</td>
<td>8,616</td>
<td>47.66</td>
<td>13,226</td>
<td>53.51</td>
<td>13,395</td>
</tr>
<tr>
<td>FAMU</td>
<td>3,457</td>
<td>3,758</td>
<td>8.71</td>
<td>6,169</td>
<td>64.16</td>
<td>6,333</td>
</tr>
<tr>
<td>TOTAL SPECIAL UNITS</td>
<td>3,681</td>
<td>3,727</td>
<td>1.25</td>
<td>4,366</td>
<td>17.15</td>
<td>3,149</td>
</tr>
<tr>
<td>UF-IFASL</td>
<td>1,165</td>
<td>938</td>
<td>-19.48</td>
<td>1,162</td>
<td>23.88</td>
<td>1,253</td>
</tr>
<tr>
<td>UF-HEALTH AND MED. CENTER</td>
<td>2,060</td>
<td>2,114</td>
<td>2.62</td>
<td>2,293</td>
<td>8.47</td>
<td>1,341</td>
</tr>
<tr>
<td>TOTAL SPECIAL UNITS</td>
<td>3,681</td>
<td>3,727</td>
<td>1.25</td>
<td>4,366</td>
<td>17.15</td>
<td>3,149</td>
</tr>
<tr>
<td>IN-STATE FEE WAIVERS2</td>
<td>SUS FACULTY AND STAFF</td>
<td>235</td>
<td>336.2</td>
<td>488</td>
<td>55.41</td>
<td>428</td>
</tr>
<tr>
<td>NON-SUS STATE EMPLOYEE3</td>
<td>339</td>
<td>422</td>
<td>24.48</td>
<td>496</td>
<td>17.54</td>
<td>603</td>
</tr>
<tr>
<td>SENIOR CITIZEN4</td>
<td>155</td>
<td>102</td>
<td>-34.19</td>
<td>135</td>
<td>32.35</td>
<td>166</td>
</tr>
<tr>
<td>TOTAL FEE WAIVERS</td>
<td>729</td>
<td>838</td>
<td>14.95</td>
<td>1,119</td>
<td>33.53</td>
<td>1,197</td>
</tr>
</tbody>
</table>


1 These students do not pay tuition, are admitted on a space-available basis, and generate no funding for the SUS institutions. Potential fundable totals are used in faculty and state employees’ calculations; audited non-fundable totals are used in senior citizens’ calculations. Fee waivers listed are for E&G only.

2 Non-SUS State Employee Fee Waivers went into effect in Fall 1979.

3 Senior Citizen Fee Waivers went into effect in Fall 1980.
State universities in Florida usually fit into one of two categories: the older, more established state schools (University of Florida and Florida State University) which attracted more traditional students (younger, full-time students and a greater institutional emphasis on research and graduate studies. The newer commuter-type schools (USF, FAU, UCF, FIU, and UNF) depended, to a larger extent, on non-traditional students (older, part-time students). Many of the latter (the newer, commuter-type schools) are in the areas of larger population concentration or faster growing areas. Matriculation trends, nationwide and within Florida, skewed toward increasing numbers of non-traditional part-time students and suggested that the commuter-type of state college or university would continue growing at a faster pace than the former (FGCU Self-Study, 1999). This had been the Florida experience over the last two decades. This represented a double-edged dilemma for Southwest Florida as the best local students matriculated elsewhere, given no permanent local higher education option. Commuter universities depended, to a large extent, on students from local or nearby counties and attracted fewer students from counties that were farther away or from out of state (see Interview No. 7, Question 1).

It was estimated during the planning process that FGCU would evolve into a young commuter school in a rapidly growing yet isolated area, which would be largely dependent on population’s growth for the enrollment growth within its service area. Nevertheless, the rate of this growth has been expected to outpace the state’s overall population growth rate. While the rate of growth was expected to increase rapidly, the total population in the southwest Florida service area was expected to be only about 750,000 in 1995 and increasing to about 860,000 in 2000. Future estimates put the southwest Florida region at slightly over 1.1 million by 2005. Most of the growth was
projected for Lee County in Fort Myers where the university was to be located. While the
southwest Florida population was growing percentage-wise, it remained smaller than the
current population surrounding the fastest growing commuter universities such as UCF in
Orlando and USF in Tampa. The Florida State University System estimated in the mid-
1990s that FGCU's enrollment growth would approximate the growth of Florida Atlantic
University (FAU) in its first years, although it was projected that FGCU would start with
a greater number of students because of the existing USF Fort Myers branch campus
which had a spring 1994 enrollment of 1,779.

State Resources

The organizers of what became FGCU were business, civic and local political leaders
in the five-county southwestern region of Florida. Although the region was historically
renowned as a retirement area for northern US residents, core supporters in southwest
Florida tried for years to convince the Florida SUS and the legislature of first the
academic demand and subsequently the financial viability of authorizing and building a
four-year state university. Financial viability not only included the projected enrollment
of undergraduate and graduate students, but the breadth of degree and program offerings,
construction costs, faculty and administration requirements and a host of other cost
centers peculiar to a university campus. The most important issue for the SUS and the
legislature was the high proportion of older residents living or retiring in a services-
oriented retirement region. Southwest Florida is the most demographically isolated part
of the state and historically not developed as a business manufacturing or industrial
locale. Indeed the greatest export product for nearly a century has been citrus products,
usually described as a semi-skilled labor intensive industry (Lee County, Office of Economic development, 1993).

As discussed earlier, it was not until the mid 1980s and early 1990s that the population dynamics began to change in southwestern Florida. Once the population segments began to skew younger, the SUS considered more seriously the prospects of a new campus in the southwest. Furthering this analysis, the support of the business community and demand for enhanced professional programs like nursing and business administration forced the SUS to expand the USF branch programs and offer more technical and occupational programs at Edison Community College. These expansions, however, strained the capabilities of those institutions (see Interview No. 7, Questions 1 & 9). Finally, the needs assessment prepared in the early 1990s convinced the SUS that the demand was real and sustainable in southwest Florida. The recommendation was made to the legislature with the support of the aforementioned local business and civic leaders to fund and build the tenth campus of the SUS (FGCU Self-Study, 1999). Once the population demographics were affirmatively addressed, the financial resources of the state were relatively easily obtained by legislative enactment and approved by the governor (FGCU Self-Study, 1999). Savings obtained by local gifts of the land for the campus allowed FGCU to be built as a true state of the art technologically superior institution (FGCU Self-Study, 1999). The campus rapidly attained FTE and headcount thresholds that bore out the projections performed five to eight years earlier. The accurate projections of actual FTE students alleviated second-guessing by legislature and other elected officials (local or statewide). Although it had been more than twenty years since
the last Florida SUS institution had been approved and built, the wait for the demand to increase was the most efficient application of state resources (FGCU Self-Study, 1999).

Consideration of Alternatives

Given the isolation of the five-county southwestern Florida region (bounded by the Everglades to the east and south), the state public higher education alternatives were limited. There was an existing community college that physically housed some branch courses for USF (whose main campus was approximately 150 miles to the north). USF's distance practically eliminated the ability for commuting faculty. Instead, USF hired a proportionally large number of non-terminal degreed adjuncts living in the southwestern region.

The SUS did require an analysis of expanding Edison Community College to a four-year status or establishing a free-standing full branch campus of USF. Several issues and problems became evident in the course of this analysis. The local communities and cities spread along the Gulf Coast were unanimously against the mission creep idea of changing Edison with its vocational and occupational emphasis to a traditional state college concept (see Interview No. 7, Question 9). The demand for Edison’s educational mission had been long-developed in southwestern Florida and residents did not want it sacrificed (FGCU Needs Assessment, 1994 and FGCU Self-Study, 1999).

The SUS also required an analysis of the costs and benefits of expanding USF by building a full satellite campus in Fort Myers and locating a full complement of faculty in the area. On the surface, this idea was not initially rejected by the local organizers or the SUS. There was already a history of operating a branch campus albeit with limited
program and degree options. Objections arose in the consideration of expanding USF. One was the dilution of its own mission in the dramatically expanding metropolitan Tampa and St Petersburg area (where USF already had other branch campuses). In the Tampa region USF always had been able to move faculty and administrators around to suit academic demand for classes and services. The sheer distance always had proven difficult for USF to accommodate in an efficient manner. These two problems were clearly identified in the Needs Assessment analysis: commuting was impossible and having faculty teaching at multiple campuses in the metropolitan Tampa area was an increasing priority for USF (FGCU needs Assessment, 1994). Forcing USF to expand to Ft Myers was eventually deemed to be inefficient by the SUS and the legislature (FGCU Self-Study, 1999).

Role of Politics

Politics in southwestern Florida and in Tallahassee (the state capital) played an important role in the creation, organization and build-out of FGCU. Local southwestern Florida elected officials, business leaders, and civic sponsors had tried for nearly twenty years to convince the state to construct a college campus in the region. The most important and daunting negative factor had always been the elderly population and its size relative to local traditional college-going residents in the 18 to 34 age brackets. Other factors included the political management of contributions and gifts necessary to sustain and augment the non-public support categories of the new institution—such as endowments and grants for research etc. When the college assessment project was underway, political issues arose over naming rights for large endowments and gifts—
specifically the 700 plus acres ultimately donated by one well-connected family for the campus (see Interview No. 7, Question 16).

Politics, although present throughout the process was not as important as the ultimate population increase that forced the legislature and SUS to acknowledge the viability of a four-year college in the region. Politics did not affect in a negative context the legislative approval of FGCU. In other words, the college got approved because Florida recognized that the southwest was underserved in higher education. FGCU through the needs assessment process managed by the SUS was built because the demand became evident over a long period of time.

Of course, politics did influence countless other decisions such as local zoning, roads to and from the swampland gifted for the campus, local tax base considerations, regional economic development, business enterprise zones, local political races for and against the project, and the general fund public infrastructure costs associated with the build-out. However, by and large, FGCU enjoyed widespread political and community support in an isolated, long underserved region of the state.

System Effectiveness

A performance rubric describing the collective effectiveness of each of the state colleges in this study was developed and explained in Chapter Three. The first analysis describes the Florida SUS. In the case of the Florida SUS and the other institutions analyzed in this multiple case study, the research dimensions were the academic demand, the state resources available for creating a new state college, the consideration of alternatives, and the role of politics in the decision-making process. Figure 4.2 depicts
the SUS effectiveness and thoroughness across the four dimensions. Florida SUS was assigned a position based on an assessment of its overall effectiveness and thoroughness in transitioning from the original creation through the planning stages and finally the execution process of building a new state college.

To reiterate, the process of rating each college’s effectiveness across the four dimensions was derived by their thoroughness in calculating an accurate level of demand for the creation of a new higher education institution. The evidence of academic demand was demonstrated by the growth in population of both traditional and non-traditional college-age participants, the enrollment patterns at community colleges and/or regional university centers, the regional demand for specific professions and completion rates. The evidence of available state resources followed from the acceptance of the demand by legislative and executive branch elected officials. Florida is a state that sets thresholds for demonstrating demand for higher education, and if those thresholds are met, will normally fund college operating and capital requirements on a prioritized basis.

The evidence for effectively and thoroughly evaluating alternatives was a regulatory issue for Florida. It required enrollment FTEs to be actually demonstrated at community colleges or other university branches or centers prior to beginning the needs assessment process.

The evidence of the role of politics was harder to empirically demonstrate in terms of effectiveness or thoroughness. Politics always had been inherently involved in the funding and operating of public higher education. Gaining political support requires political power and (usually) a proposal’s ability to engender widespread and bi-partisan acceptance. In states like Florida where there were regulations and guidelines for
planning and implementing new higher education institutions, politics played more of a role in the funding prioritization, rather than the go/no go decision. In those states, if the proposed institutions met specified criteria (especially for FTEs), the proposal moved forward into the appropriations battleground.

<table>
<thead>
<tr>
<th>Ineffective</th>
<th>Florida SUS</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic demand: Determinants less than fully considered</td>
<td>Academic demand: Determinants fully considered: (income, population, substitutions, expectations, tastes &amp; preferences)</td>
<td></td>
</tr>
<tr>
<td>State financial resources: Unfunded or partially funded</td>
<td>State financial resources: Funding requirements fulfilled by accurate/valid enrollment projections</td>
<td></td>
</tr>
<tr>
<td>Alternatives: Limited or superficial consideration of H.E. alternatives and state capacity utilization</td>
<td>Alternatives: Full analysis of H.E. alternatives and state capacity utilization</td>
<td></td>
</tr>
<tr>
<td>Politics: Less influential on policymaking and decision-making</td>
<td>Politics: Highly influential on policymaking and decision-making</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.2. A Public Policy Performance Rubric for the Florida SUS.

The rubric in Figure 4.2 depicts the effectiveness of the planning process given the approaches taken when the state higher education governing agency contemplated, planned, and then built a new college. The rubric is based on a determination of the effectiveness and thoroughness of the process used by the case study state's higher education system when it created a new college.
The Florida SUS was quite effective in the process of creating FGCU across three of the principal dimensions focused upon in this study. Those were the calculation or assessment of academic demand, the consideration of alternatives and the use of and availability of state resources. Politics and the influences of political power were moderately effective principally because the guidelines for assessing the other dimensions were very effective. The calculation and patient building of demand, the availability of state resources and the full opportunity cost consideration of alternatives demonstrated the effectiveness of the Florida process. Because the three principal dimensions were so effective, the exercise of pure political power to establish FGCU was only necessary to be moderately effective. Political influence was necessary to navigate the proposed campus through the initial approval and appropriations process, and was sufficient to carry a well-proven proposal through the legislative and executive branches. Further, the use of an independent evaluation authority to determine the demand and other elements of need, and the positive public inputs also downgraded the importance of political influence in establishing FGCU.
CHAPTER FIVE

CALIFORNIA STATE UNIVERSITY,
MONTEREY BAY

Through a decision by the Base Closure Commission and the President of the United States, U.S. Army base Fort Ord in Monterey County, California, was scheduled for closure during fall 1995. As a result of that decision, the California State University System (CSU System) was presented with a unique opportunity: the ceding of approximately 1,300 acres of land and facilities estimated to be worth in excess of $1 billion (Commission Report 94-8). The gift was supplemented by additional funding from the federal government for facilities renovation and retrofitting as well as toxic cleanup. The gift also included sufficient housing to accommodate up to 7,500 students, faculty, and staff (Demographic Research Unit, California State Dept. of Finance, 1994).

The California Post-Secondary Education Commission (CPSEC) recommended that the gift be accepted, provided that certain conditions were met. One, CPSEC already had data indicating that the CSU System would need additional system-wide facilities and acceptance of the gift from the federal government represented the least expensive way of obtaining these new facilities. Other recommendations by CPSEC included increased cooperation between the CSU System and the Trustees for Central California Community Colleges, which in turn would increase access for underserved residents of the Salinas Valley (Commission Report 94-8).
The new campus was designated California State University, Monterey Bay by the CSU System Board of Trustees, which represented the state’s first concerted attempt to create a twenty-first century campus—one that would use technology extensively, create innovative administrative structures, and employ new pedagogies designed to educate students more comprehensively in less time than ever before.

In no United States locale has the economic impact of a base closure been more keenly felt than in the three counties comprising the Tri-County region of California’s central coast: Monterey, San Benito, and Santa Cruz. Fort Ord, the largest Army base in the United States since 1917, has occupied a dominant presence in that area, both economically and geographically. At the time of the closure announcement, the base employed some 16,000 civilian and military personnel, who in turn supported another 15,000 dependents. By the time CPSEC approved the acceptance of the gift of Fort Ord as the site for CSU, Monterey Bay in June, 1994, virtually all of those people had left. All that remained was the Presidio of Monterey and the Defense Language Institute on some 1,500 of the base’s 28,000 acres—an area only slightly smaller than the city of San Francisco.

California Post Secondary Education Commission

Higher education in California is governed by a multi-layered form of oversight and control. The nine-campus University of California system is governed by a Board of Regents. The twenty-three-campus California State University system (CSU system) is governed by a Board of Trustees. The Community College system in California is governed by locally-elected Boards of Trustees that maintain control and oversight in
regional districts. The history of higher education planning and coordination within the state of California dates back to the development of the Master Plan for Higher Education, which was adopted in 1960. In 1961, the Donahoe Act created the Coordinating Council for Higher Education. The Donahoe Act gave the Council several specific responsibilities including the review of new programs, the collection of data and information regarding higher education, and the regulation of physical growth. In this way, the legislature could receive advice from the Council—indeed independent from the day-to-day governing functions of the Boards of Regents or Trustees—regarding the expenditure of scarce capital outlay resources (Commission Report No. 02-6 April, 2002).

Prior to 1974, the Coordinating Council provided broad advice on long-range planning matters and "the need for and location of new institutions" of higher education (Commission Report No. 02-6 April, 2002). The Coordinating Council maintained long-range planning responsibility with legislative authority independent of any other agency for any proposal of a new campus or educational center.

In 1974, the legislature established the California Post Secondary Education Commission (CPSEC), supplanting the Coordinating Council. The legislature wanted a stronger role for the Commission with regard to responsibility to advise the governor and the legislature about the need for and location of new institutions. The specific language of the enabling education code section gave the Commission a stronger voice and role in overseeing the growth of California's public post secondary institutions. CPSEC published guidelines pertaining to the review of proposed campuses and educational centers beginning in 1975. CPSEC revised its policies in 1978, 1982, 1992, and in 2002.
The Commission Authority

The California Education Code [Section 06903(e)] states that the California Post Secondary Education Commission shall "advise the legislature and the governor regarding the need for and location of new institutions and campuses of public higher education." Section 60904 of the Education Code expresses the intent of the legislature that the sites for new institutions and funds for capital expenditure shall not be authorized unless recommended by the Commission:

"It is the intent of the legislature that sites for new institutions or branches of the University of California and the California State University shall not be authorized or required unless recommended by the Commission" (Commission Report No. 02-6 April, 2002).

Education Code 89002 applies specifically to the CSU System—for which part of the supporting literature and focus of this dissertation stems—and specifies that construction of authorized campuses shall commence only upon resolution of the CSU Trustees and approval by the CPSEC.

Policy Review Process

California's review process as implemented by CPSEC not only helps to assure that new campuses and off-campus centers develop in accordance with statewide needs (demand) and long-range planning goals, but also helps to ensure that state capital outlay funds will be wisely spent (Commission Report No. 02-6 April, 2002). New college campus proposals submitted for review by the Commission also involve review by system executive offices and state control agencies—Regents or Boards of Trustees. Each review level plays an important role in ensuring that the proposed institution meets
specific needs, will be financially viable, will offer high quality educational services, and will have enrollments sufficient to sustain the project over the long-term (Commission Report No. 02-6 April, 2002). In California, the policy review process works as follows:

1. System executive officers must approve proposals before they are submitted to the Commission for review.

2. The system governing body must endorse any proposals prepared by the system executive office.

3. Proposals involving state capital outlay or operating funds also require review by the Department of Finance. Commission approval of any new institution creates only an eligibility to compete for state capital outlay funding and is not an entitlement to funds.

Academic Demand

The proposal to create CSU, Monterey Bay was unique in the history of California. Previously, almost all campuses had been constructed on vacant land. The conversion of Fort Ord was the first example of the state receiving an entire campus almost whole, with only the need for renovation and conversion of buildings already in existence.

Renovation was crucial, since the buildings at the base were not designed for educational uses. Nevertheless, the acquisition of the campus represented a gift of unprecedented value estimated at approximately $1 billion. It also represented the first opportunity for the CSU System to create a largely residential campus since much of the property conveyance consisted of housing that was enough to accommodate as many as 7,500 students, faculty, and staff (Commission Report 94-8).
Figure 5.1  General Location of Fort Ord in Monterey County. Source: CPSEC Report 94-8, June 1994.

Figure 5.2  State University Footprint at Fort Ord and Areas of Unexploded Ordinance Enrollment Projections. Source: CPSEC Report 94-8, June 1994.
In 1992, statewide enrollment projections developed by the Department of Finance indicated that the CSU System enrollment would grow to 399,375 full-time equivalent students (FTE) by fall 2010, an increase of 138,872 from fall 1992 (see Table 5.1). The planned enrollment capacities of all of the existing CSU System campuses in 1992 were set by the Trustees at 371,087 FTE students (see Table 5.2), but could be increased to a maximum ceiling of 389,000 (see Table 5.3). Those totals, however, were theoretical limits that could be reached only after the expenditure of billions of dollars in state construction funds (Demographic Research Unit, California State Dept. of Finance, 1994). In 1992, there was sufficient physical capacity within the existing CSU campus system to accommodate approximately 260,000 FTE students, which meant that there was a need to create additional space for approximately 140,000 more in the next fifteen to twenty years. In considering the needs of the state, as well as the CSU System’s ability to address those needs, the Board of Trustees and CPSEC historically and consistently ruled that it was more prudent to compare enrollment projections to existing physical capacity than to theoretical planned enrollment capacities that may or may not be reached in the future (see Interview no. 5, Question 9), (Commission Report 94-8).

Therefore, given existing physical capacity and projected enrollments in 1992, the acquisition of the Fort Ord site for a campus enrolling 25,000 FTE students was deemed advisable (Demographic Research Unit, California State Dept. of Finance, 1994). Given the fact that it was considered necessary to create additional capacity within the CSU System by 2010, CPSEC agreed that it was much more efficient to acquire space and buildings at Fort Ord in 1992 at little or no cost to the state, than to meet all capacity
needs by building on existing campuses at state expense (Demographic Research Unit, California State Dept. of Finance, 1994).

The enrollment projections developed by the CSU System and the state Department of Finance were considered reasonable by CPSEC, based on local demographic considerations and system-wide experience (CPSEC Report No. 94-08). State projections indicated a starting enrollment of approximately 6,000 FTE students in fall 1995, growing to approximately 13,000 FTE in 2010. Based only on the enrollments expected to be generated from the Tri-County area, CSU, Monterey Bay would meet the official size definition of a “university” contained in CPSEC’s guidelines (1,000 FTE students) by the second year of its operation in the 1996-1997 academic year (CPSEC Report No. 94-08). In 1992-1994, CSU System projections for opening and early year enrollments anticipated large numbers of lower-division students. In the first year alone, it was projected that enrollment would be 35 percent lower division. In subsequent years, that percentage was expected to grow and might exceed the California Master Plan guideline that no more than 40 percent of undergraduate students be at the lower-division level.

There was, however, substantial unused capacity in the area’s three community colleges and one CSU Educational Center, especially at Monterey Peninsula College (MPC). Given that excess and CSU’s system-wide ratio of upper-division to lower-division students of about 70 to 30 percent, a greater marketing emphasis on upper-division enrollments at the new campus was greatly encouraged by CPSEC in its approval report (CPSEC Report No. 94-08).

During the early planning stages, the CSU System engaged in an exhaustive consultation process with various stakeholder entities throughout the central coast region.
It became evident early on that there were going to be some friction-generating issues regarding the proposed state university annexation of the Fort Ord Army Base property. One of the issues related to the existing Monterey County Center (MCC) which CPSEC had approved as an official CSU System Educational Center in 1988. In a sense, the closure of MCC had some unfortunate consequences, since transportation access to Fort Ord was inconvenient for many and because the Center served a somewhat different clientele than was planned for the new campus. However CPSEC and the CSU System leadership proposed to close and move the Center’s programs to the new Monterey Bay campus with the ultimate goal of assisting the already-enrolled students in completing their programs.

The second issue concerned relations with nearby community colleges, specifically Monterey Peninsula College. This regional community college had been adversely affected by the physical closure of Fort Ord. By the fall 1993 term, MPC already had lost nearly 25 percent of its pre-closure enrollment. Generating friction was the fact that the CSU System proposed to offer lower-division courses from the outset of the new campus. In a compromise recommendation, CPSEC suggested that CSU, Monterey Bay limit its lower-division enrollments for at least the first three years. In order to minimize the disruption at Monterey Peninsula College and two others in the general central coast region, CPSEC mandated a maximum lower-division enrollment component of 25 percent for the first three years.

In its final report, CPSEC acknowledged some conflicting opinions expressed by a variety of regional interests in the Monterey Bay area. One argument against accepting the federal gift of the Fort Ord property was that the CSU System should build a campus
in order to help the central coast’s local economy. CPSEC acknowledged the argument but ruled that it would play no part in CPSEC’s or the state’s decision to create a campus from the former military base. CPSEC stated that its authority and responsibility for recommending approval to either create or build a campus should be based solely on the state’s need (demand) for additional educational access and service capacity, the CSU System’s ability to meet that demand, and the Monterey Bay area’s demand for educational services (CPSEC Report No. 94-08). While acknowledging that building a new campus may well have a positive, local economic impact, it stated that local economic (construction-related) benefits would not constitute the primary reason for creating the institution (CPSEC Report No. 94-08).

In a final set of issues, CPSEC addressed concerns that had a negative context related to fiscal arguments against establishing a campus at Fort Ord. Some of the arguments against accepting the Fort Ord property included contentions that existing campuses could accommodate all projected growth that campuses should continue to be built only in urban areas, and that support costs for the former military facility with its aging infrastructure would be excessive. Some of those aspects were raised by the Legislative Analyst, the official budget analysis division of the California State Legislature. Some of those specific fiscal issues will be addressed in Chapter Nine, the Data Analysis and Synthesis section of this case study. In June 1994, CPSEC recommended to the legislature acceptance of the federal gift and funding appropriations for the establishment of California State University, Monterey Bay.

The CPSEC, in establishing guidelines for the creation of new, publicly funded higher education institutions, also created a list of criteria (Commission Report 92-6,
April, 1992), to which planners for any particular new university campus must stringently adhere.

1. **Criterion 1-1.** Enrollment projections must be sufficient to justify the establishment of the new institution. For a proposed new university campus, enrollment projections for each of the first ten years of operation from the campus’s opening date must be provided. Undergraduate enrollment projections for new institutions of the CSU System shall be presented in terms of headcount and full-time-equivalent students (FTE).

2. **Criterion 1-4.** For a new CSU campus, statewide enrollment projected for the CSU System should exceed the planned enrollment capacity of existing State University campuses and educational centers as defined in the system-wide long-range plan developed by the Board of Trustees. If the statewide enrollment projection does not exceed the planned enrollment capacity for the system, compelling regional needs must be demonstrated. In order for a compelling regional need to be demonstrated, the system must specify why these regional needs deserve priority attention over competing needs in other sectors of the CSU system for both support and capital outlay funding.

Enrollment projections developed by the State of California Department of Finance which indicated that the CSU System enrollment would grow to 399,375 FTE students by Fall 2010, an increase of 138,872 from fall 1992 (see Table 5.1). Table 5.1 shows physical and planned enrollment capacity figures for the system for various years. Planned enrollment capacities can change periodically at the discretion of the Trustees, but they must be assumed to be static for the purposes of any long-range projections.
(Commission Report 94-8, 1994). The planned enrollment capacities of the existing twenty campuses total 371,087 as shown in Table 5.2. The ultimate enrollment ceiling—the maximum potential capacity of the system of 371,087 FTE students—is shown in Table 5.2. The Trustees have determined that the system could reach a theoretical limit of 389,000 FTE students (Table 5.3); however, that level could only be reached after the expenditure of billions of dollars of state construction funds (CPSEC Report No. 94-08).

<table>
<thead>
<tr>
<th>Year</th>
<th>1992 Baseline Series</th>
<th>1993 Baseline Series</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Head-Count Enrollment</td>
<td>Full-Time Equivalent Students</td>
</tr>
<tr>
<td>Historical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>369,053</td>
<td>275,510</td>
</tr>
<tr>
<td>1991</td>
<td>361,904</td>
<td>268,364</td>
</tr>
<tr>
<td>1992</td>
<td>354,000</td>
<td>260,503</td>
</tr>
<tr>
<td>Projected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>346,400</td>
<td>259,800</td>
</tr>
<tr>
<td>1994</td>
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<td>264,675</td>
</tr>
<tr>
<td>1996</td>
<td>367,700</td>
<td>275,775</td>
</tr>
<tr>
<td>1997</td>
<td>383,700</td>
<td>287,775</td>
</tr>
<tr>
<td>1998</td>
<td>400,700</td>
<td>300,526</td>
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<td>2000</td>
<td>432,400</td>
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<td>2001</td>
<td>448,900</td>
<td>336,675</td>
</tr>
<tr>
<td>2002</td>
<td>465,000</td>
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<td>2006</td>
<td>522,400</td>
<td>393,925</td>
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<tr>
<td>2007</td>
<td>537,700</td>
<td>407,275</td>
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<tr>
<td>2008</td>
<td>552,600</td>
<td>420,675</td>
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<tr>
<td>2009</td>
<td>568,100</td>
<td>434,300</td>
</tr>
<tr>
<td>2010</td>
<td>584,000</td>
<td>448,025</td>
</tr>
</tbody>
</table>

Sources: Demographic Research Unit, State Department of Finance, and Office of the Chancellor the California State University.
Table 5.2. Fall 1993 Head Count and Full-Time Equivalent Student Enrollment in the California State University, Compared to Preliminary Estimates of Planned Enrollment Capacity in Fall 2010.

<table>
<thead>
<tr>
<th>Campus</th>
<th>1993 Head Count</th>
<th>1993 Full-Time Equivalent</th>
<th>2010 Head Count</th>
<th>2010 Full-Time Equivalent</th>
<th>Difference Head Count</th>
<th>Difference Full-Time Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakersfield</td>
<td>5,276</td>
<td>4,160</td>
<td>9,500</td>
<td>7,970</td>
<td>4,224</td>
<td>3,810</td>
</tr>
<tr>
<td>Chico</td>
<td>14,706</td>
<td>12,594</td>
<td>16,700</td>
<td>14,110</td>
<td>1,994</td>
<td>1,416</td>
</tr>
<tr>
<td>Dominguez Hills</td>
<td>11,914</td>
<td>7,408</td>
<td>22,250</td>
<td>13,900</td>
<td>10,336</td>
<td>6,492</td>
</tr>
<tr>
<td>Fresno</td>
<td>17,956</td>
<td>14,600</td>
<td>30,900</td>
<td>25,500</td>
<td>12,944</td>
<td>10,400</td>
</tr>
<tr>
<td>Fullerton</td>
<td>22,565</td>
<td>15,300</td>
<td>31,700</td>
<td>22,000</td>
<td>9,135</td>
<td>6,700</td>
</tr>
<tr>
<td>Hayward</td>
<td>12,583</td>
<td>10,616</td>
<td>24,650</td>
<td>22,475</td>
<td>12,067</td>
<td>11,859</td>
</tr>
<tr>
<td>Humboldt</td>
<td>7,123</td>
<td>6,445</td>
<td>8,600</td>
<td>8,045</td>
<td>1,478</td>
<td>1,600</td>
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<tr>
<td>Long Beach</td>
<td>27,073</td>
<td>18,423</td>
<td>40,300</td>
<td>28,153</td>
<td>13,227</td>
<td>9,730</td>
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<td>Los Angeles</td>
<td>17,788</td>
<td>13,314</td>
<td>21,200</td>
<td>15,768</td>
<td>3,312</td>
<td>2,454</td>
</tr>
<tr>
<td>Northridge</td>
<td>27,282</td>
<td>19,191</td>
<td>35,700</td>
<td>27,000</td>
<td>8,418</td>
<td>7,809</td>
</tr>
<tr>
<td>Pomona</td>
<td>17,050</td>
<td>13,941</td>
<td>24,800</td>
<td>22,434</td>
<td>7,750</td>
<td>8,493</td>
</tr>
<tr>
<td>Sacramento</td>
<td>23,316</td>
<td>17,309</td>
<td>33,200</td>
<td>24,650</td>
<td>9,884</td>
<td>7,341</td>
</tr>
<tr>
<td>San</td>
<td>12,121</td>
<td>8,951</td>
<td>27,600</td>
<td>19,010</td>
<td>15,479</td>
<td>10,059</td>
</tr>
<tr>
<td>Bernardino</td>
<td>28,131</td>
<td>20,700</td>
<td>33,200</td>
<td>25,470</td>
<td>5,069</td>
<td>4,770</td>
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<td>San Diego</td>
<td>25,713</td>
<td>18,051</td>
<td>28,500</td>
<td>20,057</td>
<td>2,787</td>
<td>2,006</td>
</tr>
<tr>
<td>San Francisco</td>
<td>27,057</td>
<td>18,476</td>
<td>39,800</td>
<td>27,000</td>
<td>12,743</td>
<td>8,534</td>
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<tr>
<td>San Luis</td>
<td>15,449</td>
<td>14,332</td>
<td>19,200</td>
<td>20,000</td>
<td>3,751</td>
<td>5,668</td>
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<td>Obispo</td>
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<td>1,720</td>
<td>12,600</td>
<td>9,100</td>
<td>10,228</td>
<td>7,380</td>
</tr>
<tr>
<td>San Marcos</td>
<td>6,551</td>
<td>5,270</td>
<td>9,230</td>
<td>7,524</td>
<td>2,679</td>
<td>2,254</td>
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<tr>
<td>Sonoma</td>
<td>5,857</td>
<td>4,284</td>
<td>1,300</td>
<td>10,421</td>
<td>7,143</td>
<td>6,037</td>
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<tr>
<td>Stanislaus</td>
<td>327,882</td>
<td>245,285</td>
<td>482,530</td>
<td>370,087</td>
<td>154,648</td>
<td>124,802</td>
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<tr>
<td>All Campuses</td>
<td>332</td>
<td>365</td>
<td>1,000</td>
<td>1,000</td>
<td>668</td>
<td>635</td>
</tr>
<tr>
<td>Totals</td>
<td>328,214</td>
<td>245,650</td>
<td>483,530</td>
<td>371,087</td>
<td>155,316</td>
<td>125,437</td>
</tr>
</tbody>
</table>

Source: The California State University, 1994b.
Table 5.3. Planned Full-Time Equivalent Enrollment Ceilings of the California State University Campuses 2010-11.

<table>
<thead>
<tr>
<th>Campus</th>
<th>Status in 2010-2011</th>
<th>Current Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakersfield</td>
<td>Growing</td>
<td>12,000</td>
</tr>
<tr>
<td>Chico</td>
<td>At ceiling</td>
<td>14,000</td>
</tr>
<tr>
<td>Dominguez Hills</td>
<td>Growing</td>
<td>20,000</td>
</tr>
<tr>
<td>Fresno</td>
<td>At ceiling</td>
<td>20,000</td>
</tr>
<tr>
<td>Fullerton</td>
<td>At ceiling</td>
<td>20,000</td>
</tr>
<tr>
<td>Hayward</td>
<td>Growing</td>
<td>18,000</td>
</tr>
<tr>
<td>Humboldt</td>
<td>At ceiling</td>
<td>8,000</td>
</tr>
<tr>
<td>Long Beach</td>
<td>At ceiling</td>
<td>25,000</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>Growing</td>
<td>25,000</td>
</tr>
<tr>
<td>Northridge</td>
<td>At ceiling</td>
<td>25,000</td>
</tr>
<tr>
<td>Pomona</td>
<td>Growing</td>
<td>20,000</td>
</tr>
<tr>
<td>Sacramento</td>
<td>At ceiling</td>
<td>25,000</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>Growing</td>
<td>12,000</td>
</tr>
<tr>
<td>San Diego</td>
<td>At ceiling</td>
<td>25,000</td>
</tr>
<tr>
<td>San Francisco</td>
<td>At ceiling</td>
<td>20,000</td>
</tr>
<tr>
<td>San Jose</td>
<td>At ceiling</td>
<td>25,000</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>At ceiling</td>
<td>15,000</td>
</tr>
<tr>
<td>San Marcos</td>
<td>Growing</td>
<td>25,000</td>
</tr>
<tr>
<td>Sonoma</td>
<td>Growing</td>
<td>12,000</td>
</tr>
<tr>
<td>Stanislaus</td>
<td>Growing</td>
<td>12,000</td>
</tr>
<tr>
<td>All Campuses (Current)</td>
<td></td>
<td>376,000</td>
</tr>
<tr>
<td>All Campuses (Proposed)</td>
<td></td>
<td>389,000</td>
</tr>
</tbody>
</table>

CPSEC's guidelines envision a situation where a proposed new campus will draw heavily from the region it is to serve. Consequently, once a statewide need for additional instructional capacity has been established, attention would normally turn to the local area to see if sufficient population exists to support the new institution. In the case of the proposed CSU, Monterey Bay, however, many of the ordinary assumptions about campus expansions did not apply. The CSU System Trustees' eventual intention was to draw most of the CSU, Monterey Bay enrollment from outside the area—a circumstance unique in the system's history. Accordingly, the ability of the local area to generate enrollment, while important, did not form the primary long-term justification for the establishment of the new institution. Indeed, the CSU System plan was developed in order to establish a largely residential campus—another critical departure from the normal urban commuter-based existing campus system. Therefore under the CPSEC guidelines, it became critical for the Trustees and CSU to demonstrate convincingly that it would be able to draw the non-local students it intended to enroll. The uniqueness of the residential aspect of the proposed Monterey Bay campus, of course, was driven by the existing infrastructure existing on the Fort Ord military reservation—including significant housing capacities, both in terms of potential residence halls and single-family residences.

In its demand analysis, the CSU System based most of its projection for the new campus on local population and high school enrollment data, since it was expected that most students who will form the campus's initial enrollment nucleus will be from the local area—Monterey, San Benito, and Santa Cruz counties (see Interview No. 5, Questions 5 & 9). The population, according to the California Department of Finance, of
those counties is shown in Table 5.4. In Table 5.4, the effects of closing Fort Ord can be seen clearly in the population losses of the 15-24 and 25-34-year-old age groups.

In deriving the enrollment projections for the proposed campus, the CSU System used the following factors:

1. The number of high school graduates in the Tri-County region multiplied by the historical percentage of those graduates who attend state university campuses statewide gives a percentage known as the matriculation or participation rate. In cases where the rate for a particular county was below the statewide average, that rate was gradually increased to the statewide average over a 10-year period to reflect the probability that proximity to the new campus would embrace participation rates over the years—a probability based on previous history when a new CSU System campus was introduced into an area.

2. New undergraduate transfers were generated by assuming that approximately one-fourth of all community college transfers from the Tri-County region would enroll at the new campus in the first year, a percentage that would increase to 65 percent by 2010.

3. Graduate and Post-Baccalaureate enrollment was derived by taking existing participation rates from the Tri-County area and gradually increasing the percentage of those students who would attend the new campus. Table 5.4 shows how CSU arrived at the enrollment projection for the proposed campus. The composite totals are shown on Tables 5.5 and 5.6.
Table 5.4. Population Projections for the Tri-County Region, 1990-2010.

<table>
<thead>
<tr>
<th>Year</th>
<th>Monterey</th>
<th>San Benito</th>
<th>Santa Cruz</th>
<th>15-24</th>
<th>25-34</th>
<th>35-59</th>
<th>All Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>358,800</td>
<td>37,000</td>
<td>230,800</td>
<td>104,012</td>
<td>117,344</td>
<td>177,121</td>
<td>228,123</td>
<td>626,600</td>
</tr>
<tr>
<td>1991</td>
<td>365,609</td>
<td>37,456</td>
<td>233,232</td>
<td>101,637</td>
<td>116,202</td>
<td>183,867</td>
<td>234,591</td>
<td>626,297</td>
</tr>
<tr>
<td>1993</td>
<td>377,235</td>
<td>40,522</td>
<td>237,257</td>
<td>98,134</td>
<td>113,474</td>
<td>197,513</td>
<td>245,893</td>
<td>655,014</td>
</tr>
<tr>
<td>1994</td>
<td>375,680</td>
<td>41,739</td>
<td>238,329</td>
<td>92,852</td>
<td>108,807</td>
<td>203,495</td>
<td>250,594</td>
<td>655,748</td>
</tr>
<tr>
<td>1995</td>
<td>382,986</td>
<td>42,944</td>
<td>239,656</td>
<td>93,044</td>
<td>107,678</td>
<td>210,128</td>
<td>254,736</td>
<td>665,586</td>
</tr>
<tr>
<td>1996</td>
<td>389,413</td>
<td>44,348</td>
<td>244,738</td>
<td>93,896</td>
<td>196,757</td>
<td>218,338</td>
<td>259,508</td>
<td>678,499</td>
</tr>
<tr>
<td>1997</td>
<td>395,736</td>
<td>45,883</td>
<td>249,713</td>
<td>95,653</td>
<td>105,745</td>
<td>225,498</td>
<td>264,436</td>
<td>691,332</td>
</tr>
<tr>
<td>1998</td>
<td>401,928</td>
<td>47,420</td>
<td>254,601</td>
<td>98,277</td>
<td>104,281</td>
<td>232,690</td>
<td>268,701</td>
<td>703,949</td>
</tr>
<tr>
<td>1999</td>
<td>408,065</td>
<td>49,012</td>
<td>259,447</td>
<td>101,565</td>
<td>102,332</td>
<td>239,474</td>
<td>273,153</td>
<td>716,524</td>
</tr>
<tr>
<td>2000</td>
<td>414,014</td>
<td>50,658</td>
<td>263,974</td>
<td>105,080</td>
<td>100,472</td>
<td>245,844</td>
<td>277,250</td>
<td>728,646</td>
</tr>
<tr>
<td>2001</td>
<td>420,843</td>
<td>52,192</td>
<td>266,792</td>
<td>108,656</td>
<td>99,138</td>
<td>250,778</td>
<td>281,255</td>
<td>739,827</td>
</tr>
<tr>
<td>2002</td>
<td>427,748</td>
<td>53,772</td>
<td>269,888</td>
<td>11,876</td>
<td>98,793</td>
<td>255,755</td>
<td>284,984</td>
<td>751,408</td>
</tr>
<tr>
<td>2003</td>
<td>434,427</td>
<td>55,341</td>
<td>272,618</td>
<td>115,016</td>
<td>98,406</td>
<td>259,466</td>
<td>289,498</td>
<td>762,386</td>
</tr>
<tr>
<td>2004</td>
<td>441,216</td>
<td>56,939</td>
<td>275,351</td>
<td>118,196</td>
<td>98,094</td>
<td>263,091</td>
<td>293,915</td>
<td>773,506</td>
</tr>
<tr>
<td>2005</td>
<td>448,108</td>
<td>58,557</td>
<td>278,058</td>
<td>121,551</td>
<td>98,272</td>
<td>267,003</td>
<td>297,896</td>
<td>784,723</td>
</tr>
<tr>
<td>2006</td>
<td>455,156</td>
<td>60,111</td>
<td>280,741</td>
<td>125,706</td>
<td>98,965</td>
<td>270,350</td>
<td>300,987</td>
<td>796,008</td>
</tr>
<tr>
<td>2007</td>
<td>462,392</td>
<td>61,679</td>
<td>283,452</td>
<td>129,741</td>
<td>100,541</td>
<td>270,861</td>
<td>306,380</td>
<td>807,523</td>
</tr>
<tr>
<td>2008</td>
<td>469,825</td>
<td>63,244</td>
<td>286,159</td>
<td>133,075</td>
<td>103,000</td>
<td>270,805</td>
<td>312,348</td>
<td>819,228</td>
</tr>
<tr>
<td>2009</td>
<td>477,451</td>
<td>64,852</td>
<td>288,945</td>
<td>135,952</td>
<td>106,115</td>
<td>270,223</td>
<td>318,958</td>
<td>831,248</td>
</tr>
</tbody>
</table>

Source: Demographic Research Unit, State Department of Finance. (1992)
Table 5.5. Calculation of Head Count First-Time Freshmen from the Tri-County Region Expected to Enroll at California State University, Monterey Bay, 1990-91 to 2010-11.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Tri-County High School Graduates</th>
<th>Net Participation Rate</th>
<th>Projected Total Number of State University First-Time Freshmen From the Region</th>
<th>Percent of First-Time Freshmen Attending the Monterey Bay Campus</th>
<th>Number of First-Time Freshmen Attending the Monterey Bay Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>4,630</td>
<td>10.8%</td>
<td>502</td>
<td>0.0%</td>
<td>0</td>
</tr>
<tr>
<td>Projected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>5,040</td>
<td>10.6%</td>
<td>539</td>
<td>34.3%</td>
<td>185</td>
</tr>
<tr>
<td>1996-97</td>
<td>5,102</td>
<td>10.8%</td>
<td>554</td>
<td>35.5%</td>
<td>197</td>
</tr>
<tr>
<td>1997-98</td>
<td>5,427</td>
<td>10.9%</td>
<td>594</td>
<td>37.0%</td>
<td>220</td>
</tr>
<tr>
<td>1998-99</td>
<td>5,602</td>
<td>11.1%</td>
<td>627</td>
<td>39.0%</td>
<td>245</td>
</tr>
<tr>
<td>1999-00</td>
<td>5,695</td>
<td>11.3%</td>
<td>649</td>
<td>40.5%</td>
<td>263</td>
</tr>
<tr>
<td>2000-01</td>
<td>5,959</td>
<td>11.5%</td>
<td>686</td>
<td>41.9%</td>
<td>288</td>
</tr>
<tr>
<td>2001-02</td>
<td>6,243</td>
<td>11.6%</td>
<td>728</td>
<td>43.4%</td>
<td>316</td>
</tr>
<tr>
<td>2002-03</td>
<td>6,201</td>
<td>11.7%</td>
<td>731</td>
<td>45.0%</td>
<td>263</td>
</tr>
<tr>
<td>2003-04</td>
<td>6,279</td>
<td>12.0%</td>
<td>755</td>
<td>46.6%</td>
<td>352</td>
</tr>
<tr>
<td>2004-05</td>
<td>6,558</td>
<td>12.1%</td>
<td>797</td>
<td>48.0%</td>
<td>383</td>
</tr>
<tr>
<td>2005-06</td>
<td>6,905</td>
<td>12.2%</td>
<td>848</td>
<td>49.5%</td>
<td>420</td>
</tr>
<tr>
<td>2006-07</td>
<td>7,349</td>
<td>12.2%</td>
<td>902</td>
<td>51.2%</td>
<td>462</td>
</tr>
<tr>
<td>2007-08</td>
<td>7,781</td>
<td>12.3%</td>
<td>958</td>
<td>52.8%</td>
<td>506</td>
</tr>
<tr>
<td>2008-09</td>
<td>7,688</td>
<td>12.3%</td>
<td>945</td>
<td>54.2%</td>
<td>513</td>
</tr>
<tr>
<td>2009-10</td>
<td>7,571</td>
<td>12.3%</td>
<td>930</td>
<td>55.9%</td>
<td>520</td>
</tr>
<tr>
<td>2010-11</td>
<td>7,441</td>
<td>12.3%</td>
<td>915</td>
<td>57.7%</td>
<td>528</td>
</tr>
</tbody>
</table>

Source: The California State University, 1994b.
Table 5.6. Projected Fall-Term Head Count and Full-Time-Equivalent Student Enrollment at California State University, Monterey Bay, 1995 to 2010.

<table>
<thead>
<tr>
<th>Fall Term</th>
<th>New Freshman</th>
<th>Undergraduates (Head Count)</th>
<th>New Community College Transfers</th>
<th>Continuing Transfers</th>
<th>New Students</th>
<th>(Head Count) Graduate and Post-Baccalaureate</th>
<th>Out-of-Areas Students (Head Count)</th>
<th>Head Count</th>
<th>Full-Time Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>174</td>
<td>0</td>
<td>183</td>
<td>1,332</td>
<td>54</td>
<td>1,562</td>
<td>175</td>
<td>875</td>
<td>633</td>
</tr>
<tr>
<td>1996</td>
<td>185</td>
<td>144</td>
<td>195</td>
<td>311</td>
<td>59</td>
<td>141</td>
<td>309</td>
<td>1,344</td>
<td>1,013</td>
</tr>
<tr>
<td>1997</td>
<td>207</td>
<td>279</td>
<td>212</td>
<td>461</td>
<td>64</td>
<td>134</td>
<td>477</td>
<td>1,834</td>
<td>1,407</td>
</tr>
<tr>
<td>1998</td>
<td>230</td>
<td>419</td>
<td>231</td>
<td>570</td>
<td>69</td>
<td>138</td>
<td>677</td>
<td>2,334</td>
<td>1,804</td>
</tr>
<tr>
<td>1999</td>
<td>237</td>
<td>558</td>
<td>253</td>
<td>652</td>
<td>75</td>
<td>145</td>
<td>908</td>
<td>2,838</td>
<td>2,204</td>
</tr>
<tr>
<td>2000</td>
<td>271</td>
<td>660</td>
<td>277</td>
<td>726</td>
<td>80</td>
<td>153</td>
<td>1,166</td>
<td>3,333</td>
<td>2,595</td>
</tr>
<tr>
<td>2001</td>
<td>297</td>
<td>745</td>
<td>302</td>
<td>803</td>
<td>84</td>
<td>164</td>
<td>1,468</td>
<td>3,863</td>
<td>3,011</td>
</tr>
<tr>
<td>2002</td>
<td>309</td>
<td>828</td>
<td>325</td>
<td>880</td>
<td>89</td>
<td>173</td>
<td>1,810</td>
<td>4,414</td>
<td>3,444</td>
</tr>
<tr>
<td>2003</td>
<td>331</td>
<td>899</td>
<td>351</td>
<td>958</td>
<td>95</td>
<td>182</td>
<td>2,303</td>
<td>5,119</td>
<td>3,998</td>
</tr>
<tr>
<td>2004</td>
<td>360</td>
<td>969</td>
<td>378</td>
<td>1,038</td>
<td>100</td>
<td>192</td>
<td>2,803</td>
<td>5,840</td>
<td>4,565</td>
</tr>
<tr>
<td>2005</td>
<td>395</td>
<td>1,046</td>
<td>404</td>
<td>1,122</td>
<td>106</td>
<td>205</td>
<td>3,412</td>
<td>6,690</td>
<td>5,231</td>
</tr>
<tr>
<td>2006</td>
<td>434</td>
<td>1,132</td>
<td>432</td>
<td>1,206</td>
<td>112</td>
<td>218</td>
<td>4,149</td>
<td>7,683</td>
<td>6,011</td>
</tr>
<tr>
<td>2007</td>
<td>476</td>
<td>1,230</td>
<td>463</td>
<td>1,293</td>
<td>118</td>
<td>230</td>
<td>5,050</td>
<td>8,860</td>
<td>6,937</td>
</tr>
<tr>
<td>2008</td>
<td>482</td>
<td>1,345</td>
<td>492</td>
<td>1,386</td>
<td>124</td>
<td>241</td>
<td>6,105</td>
<td>10,175</td>
<td>7,973</td>
</tr>
<tr>
<td>2009</td>
<td>489</td>
<td>1,441</td>
<td>523</td>
<td>1,480</td>
<td>131</td>
<td>252</td>
<td>7,349</td>
<td>11,665</td>
<td>9,143</td>
</tr>
<tr>
<td>2010</td>
<td>496</td>
<td>1,518</td>
<td>558</td>
<td>1,575</td>
<td>139</td>
<td>266</td>
<td>8,452</td>
<td>13,004</td>
<td>10,192</td>
</tr>
</tbody>
</table>

Source: The California State University, 1994b.
Table 5.7. Projected Total Full-Time-Equivalent-Student Enrollment at California State University, Monterey Bay From the Tri-County Area and From Outside the Area, 1995-96 to 2010-11.

<table>
<thead>
<tr>
<th>College Year</th>
<th>Tri-County Area</th>
<th>Outside the Tri-County Area</th>
<th>Total Enrollment</th>
<th>Percentage From Outside the Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>506</td>
<td>127</td>
<td>633</td>
<td>20.0%</td>
</tr>
<tr>
<td>1996-97</td>
<td>780</td>
<td>233</td>
<td>1,013</td>
<td>23.0%</td>
</tr>
<tr>
<td>1997-98</td>
<td>1,041</td>
<td>366</td>
<td>1,407</td>
<td>26.0%</td>
</tr>
<tr>
<td>1998-99</td>
<td>1,281</td>
<td>523</td>
<td>1,804</td>
<td>28.9%</td>
</tr>
<tr>
<td>1999-00</td>
<td>1,499</td>
<td>705</td>
<td>2,204</td>
<td>31.9%</td>
</tr>
<tr>
<td>2000-01</td>
<td>1,687</td>
<td>908</td>
<td>2,595</td>
<td>34.9%</td>
</tr>
<tr>
<td>2001-02</td>
<td>1,867</td>
<td>1,144</td>
<td>3,011</td>
<td>37.9%</td>
</tr>
<tr>
<td>2002-03</td>
<td>2,032</td>
<td>1,412</td>
<td>3,444</td>
<td>20.9%</td>
</tr>
<tr>
<td>2003-04</td>
<td>2,199</td>
<td>1,799</td>
<td>3,998</td>
<td>44.9%</td>
</tr>
<tr>
<td>2004-05</td>
<td>2,374</td>
<td>2,191</td>
<td>4,565</td>
<td>47.9%</td>
</tr>
<tr>
<td>2005-06</td>
<td>2,563</td>
<td>2,668</td>
<td>5,231</td>
<td>51.0%</td>
</tr>
<tr>
<td>2006-07</td>
<td>2,765</td>
<td>3,246</td>
<td>6,011</td>
<td>54.0%</td>
</tr>
<tr>
<td>2007-08</td>
<td>2,983</td>
<td>3,954</td>
<td>6,937</td>
<td>56.9%</td>
</tr>
<tr>
<td>2008-09</td>
<td>3,189</td>
<td>4,784</td>
<td>7,973</td>
<td>60.0%</td>
</tr>
<tr>
<td>2009-10</td>
<td>3,383</td>
<td>5,760</td>
<td>9,143</td>
<td>62.9%</td>
</tr>
<tr>
<td>2010-11</td>
<td>3,567</td>
<td>6,625</td>
<td>10,192</td>
<td>65.0%</td>
</tr>
</tbody>
</table>

Source: The California State University, 1994b.

By this estimating process, the CSU System anticipated an opening enrollment of 875 students. In reality, they enrolled 633 FTE students. In its initial year of instruction (1995-1996), approximately 176 were expected to be lower-division, 321 upper-division, and 136 graduate and post-baccalaureate. That would provide percentage ratios by class of 28/51/21 percent respectively, compared to statewide ratios of 23/58/19 percent as of fall 1993. As a new institution, a higher percentage of lower-division and graduate students and fewer upper-division students than the current statewide average were expected.

At the undergraduate level, the California Master Plan calls for a ratio of 60 percent upper-division students to 40 percent lower-division (Donohue Education Act, 1960).
CPSEC proposed a different proportion for CSU Monterey Bay: 64 percent upper-division to 36 percent lower-division. While greater than the Master Plan recommendation, it was also greater than the actual statewide distribution for the CSU System as a whole (27 percent upper-division to 28 percent lower-division).

Those projection numbers conform to the CPSEC's definition of a university campus, which states "separately accredited degree-granting institution offering programs at the lower-division, upper-division, and graduate levels, usually at a single campus location owned by the Regents or the Trustees. University campuses enroll a minimum of 1,000 full-time-equivalent students. A university campus will have its own administration and be headed by a president or chancellor" (Commission Guidelines Report, 1990 sec 1992B, P.3).

Given that definition and assuming the accuracy of the enrollment projections, the proposed new Monterey Bay campus would meet the "university campus" definition in its second year of operation. If considering students only from the Tri-County region, it would meet that definition in its seventh year of operation (Commission Report 94-8, 1994).

**State Resources**

CPSEC's guidelines require that all enrollment projections for new institutions be approved by the Demographic Research Unit of the Department of Finance for the state of California. The Demographic Research Unit agreed with the projection for local area students but suggested a method for estimating out-of-area students that relied more heavily on intuitive judgment and less on the strict application of participation rates. It
offered the suggestion, at least in part, because of the unique character of the Monterey Bay proposal. In the CSU System, there was no precedent for a campus with 65 or more percent of its students coming from outside of the immediate region. Accordingly, the application of traditional estimating measures was deemed not to be relevant, with the result that projections for out-of-area students probably should be derived initially by judgment, and ultimately, by experience and public policy decisions (California State Department of Finance, 1994b). Ultimately, the State Department of Finance approved the reasonableness of the enrollment projects and passed the proposal on to the legislature for appropriations and funding. Under the Master plan and CPSEC guidelines, once such approval is attained, the financing becomes more of a prioritization issue than a contentious partisan affair. Of course, appropriations can also be political.

Consideration of Alternatives

In its demand analysis, the CSU System discussed a number of possible alternatives to establishing its new campus at Monterey Bay. Those alternatives were discussed as a result of the guidelines established by CPSEC for the formation of a new campus. CPSEC formal procedure calls for certain criteria to be met for a new campus, including the consideration of alternatives (Commission Guidelines Report, 1990 sec 1992B, P.3).

1. Criterion 2-1. Proposals for new institutions should address at least the following alternatives: 1. the possibility of establishing an educational center instead of a university campus or community college, 2. the increased utilization of existing institutions particularly in the afternoons and evenings and during the summer months, 3. the expansion of existing institutions, 4. the shared use of existing or
new facilities and programs with other post-secondary education institutions in
the same or other public systems or independent institutions, 5. the use of non-
traditional modes of instructional delivery, such as distance learning through
interactive television and computerized instruction, and 6. private fundraising or
donations of land or facilities for the proposed new institution.

2. Criterion 6-1. A cost benefit analysis of alternatives including a consideration of
alternative sites for the new institution must be articulated and documented.

The CSU System followed the general pattern of the Commission’s guidelines and
included such possibilities as the creation or expansion of educational centers, the
expansion of state university campuses, increasing the utilization of existing institutions,
increased scheduling during the summer months, sharing facilities with other institutions,
and the use of non-traditional modes of instruction.

Expansion of Educational Centers

CPSEC had long held a special interest in the Monterey County Center (MCC) of
San Jose State University, which had operated in Salinas in leased facilities since 1989
following formal approval of MCC by the Commission in 1988. Prior to that time,
courses had been offered at various locations in the Tri-County area since the 1950s,
including North County High School in Monterey, and the four neighboring community
colleges (Caballo in Aptos, Gavilan in Gilroy, Hartnell in Salinas, and Monterey
Peninsula in Monterey) since 1975. In 1985, the CSU System decided to consolidate its
outreach operations in the Tri-County region in a single location, and after several years
of planning submitted a formal request to the Commission to approve the new Center.
The Commission approved MCC in October 1988. As of 1994, the MCC enrolled approximately 550 head count students (300 FTE).

Rather than expanding MCC, it became the CSU System policy position to close it and merge its operations with those of the new campus at Monterey Bay. At the time that decision was made (coincident with the federal government’s offering of the Fort Ord property), a possibility existed that current programs in social work and business at the MCC, which were not proposed to be transferred to Monterey Bay, might be offered via television from San Jose State University. However, that possibility never materialized.

The CSU System decided that an expansion of the MCC as an alternative to creating a full-service campus in Monterey was not viable on four grounds:

1. Population growth of the Tri-County region was sufficient to establish a full-center campus.

2. Current offerings at the Center are insufficiently broad to provide full opportunities to Tri-County residents.

3. Fort Ord offers residential opportunities not found in Salinas or other cities within the Tri-County region and can be used for a broad statewide appeal.

4. The limited curriculum at the Monterey County Center would not appeal to students from outside of the area.

The Commission found that MCC in Salinas could not be considered a substitute for the vision represented by California State University, Monterey Bay. Not only were there huge differences in enrollment levels and eventual program offerings between the two operations, there were other differences (e.g., residential character, technological innovation, management organization, the mix of permanent versus temporary faculty,
regulatory flexibility, lower-division enrollments, and inter-college relationships, among others) that differentiated them so fundamentally there was little usefulness in considering MCC as a comparable substitute. When all possible considerations were evaluated, creating a new campus at Fort Ord and making a decision about the future of the existing Center were separate and distinct issues and not a substitute for each other.

**Expansion of Other State University Campuses**

CPSEC was mandated by legislative edict (Analysis of the Budget Bill, 1990-91, 1994-95) to consider the expansion of existing campuses as an alternative. The Commission separated its discussion into two subsidiary issues. The first issue concerned system-wide capacity and was discussed earlier relating to the shortfall of physical capacity in the years between 1994 and 2010. The second concern the Commission addressed related to the capacity of campuses in the general vicinity of Monterey Bay. In addressing this issue, the CSU System noted that the three nearest campuses were San Jose State University (50 miles to the north), California Polytechnic State University, San Luis Obispo (120 miles to the south), and Fresno State University (120 miles to the east). Notwithstanding the distance, those campuses were found by CPSEC to be near their planned enrollment capacities and nearer still to their current physical capacities.

CPSEC projected that in 1995 when the new campus was proposed to open, the three existing campuses would have an excess FTE capacity of 2,596, more than a sufficient number to accommodate the expected opening enrollment at Monterey Bay. The situation changed rapidly, however, in the forecasted succeeding years, especially at Fresno State, where deficits were projected through the latter part of the 1990s. By 1999, CPSEC projected that the surplus capacities at San Luis Obispo and San Jose State
would be expected to have declined substantially, while the deficit at Fresno was scheduled to increase. The effect, as projected by CPSEC in 1994, would be that the three institution space deficit of 871 FTE students would come at a time when the Monterey Bay campus was projected to be providing spaces for 1,489 local students and 705 students from outside the Tri-County region.

Events could alter this scenario, of course, such as a continuing shortage of funding for the CSU System that would dramatically reduce enrollments, or the defeat of a bond issue that would make campus expansion difficult or impossible. From a planning standpoint and with the best information available at that time, the alternative of using neighboring somewhat distant institutions to meet the enrollment needs projected for the Tri-County region did not appear to be viable even with an expansion of the MCC in Salinas (Commission Report 94-8, 1994).

Facility Sharing

CPSEC and the CSU System have found historically that facility sharing is another alternative that often works well on a small scale but will not work as a substitute for a comprehensive campus such as was proposed at Monterey Bay (Commission Report 94-8, 1994). In a number of cases, CSU uses community college space to offer upper-division class courses (such as CSU Stanislaus and San Joaquin Delta College, CSU Fullerton and Saddleback College, and CSU San Bernardino and College of the Desert), and such arrangements have been successful over the years. It has never been suggested, however, that such arrangements could be a replacement for a large campus, should such a campus be proven necessary. A facility sharing was strongly encouraged by the Commission, however, and the CSU System has signed a number of memoranda of
understanding with other institutions in the Monterey Bay area. Those include the local community colleges, the Defense Language Institute, the Monterey Institute for International Studies, and the University of California, Santa Cruz.

Private Fundraising or Land Donations

One of the alternatives suggested for discussion by the Commission’s guidelines concerned private fundraising and donations of land. This prospect, of course, was among the major attractions of the Fort Ord proposal. Provided the land was conveyed under circumstances acceptable to the CSU System and that the federal government appropriated the funding to render the military facilities suitable for educational use, California would receive a major benefit at a time when funding for higher education expansion generally was restricted in the extreme (see Interview No. 5, Question 7).

In examining the federal government’s offer to convey Fort Ord, it may be helpful to try to estimate the value of the conveyance itself, at least in a general sense. Table 5.8 shows an array of space the Army planned to contribute with cost estimates that totaled $1.1 billion. This estimate was not intended to be definitive in any way, but only suggestive of the 1994 value involved. As of the date of the Commission report, no appraisal of the land and buildings had been made. However the approximate estimate of $1.1 billion has been used in many other reports and public discussions, and Table 6 may give some definition to that estimate. Even if the valuation offered at Monterey Bay is high or low by several hundred million dollars, the fact that 1,300 acres of prime coastal land, 1,253 housing units, and 106 usable buildings are involved suggests a gift to the state of unprecedented proportions.
Table 5.8. Estimated Value of the Conveyance of Land and Facilities from the Department of Defense to the California State University.

<table>
<thead>
<tr>
<th>Type of Space</th>
<th>Number of Buildings</th>
<th>Number of Square Feet</th>
<th>Estimated Cost per Square Foot</th>
<th>Total Estimated Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Units</td>
<td>159</td>
<td>302,100</td>
<td>$100</td>
<td>$30,210,000</td>
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<tr>
<td>Three-Bedroom Units</td>
<td>1,094</td>
<td>1,641,000</td>
<td>$100</td>
<td>$164,100,000</td>
</tr>
<tr>
<td>Bedroom Units</td>
<td>24</td>
<td>517,000</td>
<td>$200</td>
<td>$103,400,000</td>
</tr>
<tr>
<td>Dormitories</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three-Story</td>
<td>24</td>
<td>517,000</td>
<td>$200</td>
<td>$103,400,000</td>
</tr>
<tr>
<td>Cement Structures</td>
<td>7</td>
<td>28,000</td>
<td>$250</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Academic</td>
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<tr>
<td>Space</td>
<td>37</td>
<td>1,155,000</td>
<td>$250</td>
<td>$288,750,000</td>
</tr>
<tr>
<td>Labor and Laboratory</td>
<td>7</td>
<td>28,000</td>
<td>$250</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Academic Department</td>
<td>2</td>
<td>50,000</td>
<td>$300</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Administration</td>
<td>8</td>
<td>160,000</td>
<td>$250</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Science Laboratories</td>
<td></td>
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<td></td>
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<td>8</td>
<td>160,000</td>
<td>$250</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Public Safety, Student</td>
<td>32</td>
<td>647,000</td>
<td>$200</td>
<td>$129,400,000</td>
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<td>Services, etc.</td>
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<td></td>
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<tr>
<td>Support Facilities</td>
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<td></td>
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<tr>
<td>Student Union, Theater</td>
<td>1</td>
<td>50,000</td>
<td>$300</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Stadium</td>
<td>1</td>
<td>8,000 seats</td>
<td>$50/seat</td>
<td>$400,000</td>
</tr>
</tbody>
</table>

Subtotal Land: $793,260,000

Total Estimated Value: $1,118,260,000

Source: Number of Buildings and Square Footages the California State University, Estimates of Cost-Per-Square Foot. California Post-Secondary Education Commission.

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Alternative Sites

Criterion 6-1 of the CPSEC guidelines requires a discussion of alternative sites. When it was written, that criterion envisioned the creation of a new institution or perhaps the conversion of an educational center to a full-service campus. The prospect of receiving what amounts to an entire campus—already built—was never anticipated, and in this case was irrelevant (Commission Report 94-8, 1994). The question of alternative sites could become relevant on a statewide basis if there was a location where a comparable gift was offered and where it could be demonstrated that the need was greater, but no such site existed. Such a question would be irrelevant as well if it could be demonstrated that the state would have to make a large investment in resources to render the gift usable (see Interview No. 5). That issue was possibly germane in 1994, since the federal government had not yet committed itself to the expenditure of sufficient funds to complete the renovation and retrofitting of the buildings within the State University Land Grant. At the time of the writing of Commission Report 94-8, some $15 million had been appropriated in the 1994 federal budget and were released to the CSU System by the Department of Defense. The CSU System assumed in March 1994 that other appropriations would be forthcoming. CPSEC proposed a caveat that should those appropriations not materialize, this alternative would then need to be revisited and considered more seriously. The Defense Department did, however, appropriate and release the retrofitting and renovation funding for the Fort Ord site, thus alleviating the previous concern.
Academic Demand—Planning

At the time of the requirement for the CPSEC approval of the creation of the new institution at CSU Monterey Bay, there had not been time to develop the kind of intensive academic plan the CSU System hoped and believed would be in place. Nonetheless, CPSEC had a long established set of criteria for guidelines in the academic plan as well as for the site alternatives and enrollment projections discussed earlier.

Criterion 4-1. The specific programs projected for the new institution must be described and justified. An academic master plan, including a general sequence of program and degree level plans and an institutional plan to implement such state goals as access, quality, intercampus cooperation and diversification of students, faculty, administration, and staff for the new institution must be provided.

Fully cognizant of the established guidelines, both the CSU System and the Commission had the most difficulty in evaluating the academic program. Historically, all plans for new campuses should begin with a strategic planning process that evolves from a perception of need, proceeds with a vision of how that need might be met, and then leads to the development of an academic plan to implement the vision. If need or demand is determined to exist within a broad context, that context can be refined and priorities set for specific locations where population pressures may be the greatest, where land is most available at the lowest cost, or where other considerations of demography or location play a crucial role (see Interview No. 5, Question 10).

Notwithstanding the above, the academic need and demand analysis of CSU Monterey Bay and the planning process was compromised by the realities of the unforeseen event fomenting the opportunity to acquire Fort Ord. The closure of Fort Ord
was surely an unforeseen event, and one of its consequences was the altering of formal statewide strategic planning processes in order to meet the conditions presented by the most unique opportunity for facilities acquisition in the state’s history. In essence, the Department of Defense, the U.S. Department of Education, Congress, and the President offered a take-it-or-leave-it choice to CSU—a choice that did not take into consideration the possibility that the system might not be ready to make a decision at the time it had to be made (Commission Report 94-8, 1994). The Trustees of the CSU System were faced with a dilemma. The Trustees were convinced that it would not be possible to develop an academic plan until a president and core faculty was hired and the academic plan developed thereafter—yet, those individuals could not be hired until the state approvals were received. One of those approvals must come from the CPSEC, which requires an academic plan prior to campus approval. After some wrangling, the dilemma was solved by all parties developing some flexibility not only in terms of the enrollment needs projection and site alternatives, but also with regard to a schedule for submission of an academic plan. In the compromise process, the CSU planners and the CPSEC worked together to develop a set of academic clusters which set the stage for broad categories of the academic plan. These academic clusters were developed in concert with an analysis of the Tri-County region’s cultural and social diversity as well as by consideration of the historical setting for the study of marine and environmental habitats along the central coast of California.

The System and Commission academic planners working in concert were able to flesh out a set of academic clusters relating not only to the above social and environmental historical trends in the Tri-County region, but also in consultation with
economic development and workforce planners within the local region. As a result, the
core academic clusters that were developed do reflect the demand for higher education
and eventual employment opportunities within the Central Coast region. Those clusters
are:

1. Marine, atmospheric, and environmental science. The Monterey Bay region has
long been known as a habitat for the study of many types of marine mammals and
fish species. A great deal of employment based activity is related to the study and
research of marine, atmospheric, and environmental sciences. Therefore, one of
the clusters that were developed for the academic plan at CSU, Monterey Bay
was to establish majors that addressed those various needs. A number of
undergraduate degree majors were established that related to the natural sciences.
Additionally, there was a described need for developing teachers who were strong
in the natural sciences, particularly the biological and environmental knowledge
areas, which must be imparted to future generations of K-12 students.

2. Visual and performing arts and related humanities. The Tri-County region is a
long-established artistic and cultural area with a rich history of the visual and
performing arts. The Trustees of the System mandated that majors be established
that would enable students to pursue arts-related careers.

3. Languages, cultures, and international studies—The Central California Tri-County
Coastal region is an area rich in multicultural diversity. Spanish-speaking citizens
make up the largest minority component in the population. There are two
language-related institutes on the Monterey peninsula. There is also an institute
for international studies. Therefore the Trustees mandated that majors in Spanish,
anthropology, and sociology should be established. Further communications and language studies should form the basis for a major that prepared people either for mass media, public, or business settings, but that could also support the development of careers in international studies.

4. Business and professional cluster—One such sub-plan would prepare students for business and education first, with an eye to public service and another eye towards the health professions. Another track would emphasize practical skills preparing for careers in both the international and multicultural market.

5. Education programs—This program would pick up any of the students from the Monterey County Center and would be reengineered for CSU, Monterey Bay. Teacher preparation programs would be phased in over a four-year period, until the campus was ready to prepare teachers in all key areas by the year 2000.

Demand Summary

The Commission believed that the academic planning process should lie at the heart of the institution. By 1994, which was the year the university opened, that process had barely begun for Monterey Bay, but the Commission felt that the Needs Analysis submitted by the CSU System planners offered considerable hope that when the plan was finalized it would present a unique and creative configuration that would be worthy of emulation beyond Monterey Bay (Commission Report 94-8, 1994).

System Effectiveness

The state of California has an extremely effective and efficient (non-resource wasting) methodology for assessing the need for and identifying all other essential
elements of the planning process. As mandated under the legal authority granted to the CPSEC, the research question dimensions of concern in this study were addressed as strict requirements prior to and throughout the process of the creation of a new university, state college, or community college. The four dimensions for this study were carefully considered when performing an analysis of the planning for and build-out of Cal-State, Monterey Bay. As a system, the CSU System is very effective in the process of new college formation.

<table>
<thead>
<tr>
<th></th>
<th>CSU, Monterey Bay</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ineffective</strong></td>
<td></td>
<td><strong>Effective</strong></td>
</tr>
<tr>
<td>Academic demand:</td>
<td>Determinants less than fully considered</td>
<td>Determinants fully considered: (income, population, substitutions, expectations, tastes &amp; preferences)</td>
</tr>
<tr>
<td>State financial resources:</td>
<td>Unfunded or partially funded</td>
<td>Funding requirements fulfilled by accurate/valid enrollment projections</td>
</tr>
<tr>
<td>Alternatives: Limited or superficial consideration of H.E. alternatives and state capacity utilization</td>
<td></td>
<td>Alternatives: Full analysis of H.E. alternatives and state capacity utilization</td>
</tr>
<tr>
<td>Politics: Less influential on policymaking and decision-making</td>
<td></td>
<td>Politics: Highly influential on policymaking and decision-making</td>
</tr>
</tbody>
</table>

Figure 5.3. A Public Policy Performance Rubric for the CSU, Monterey Bay.

This rubric depicts the continuum of process effectiveness for the four dimensions analyzed in this dissertation. Given the context of a $1 billion plus gift from the federal
government in terms of land, buildings and infrastructure, the CSU System developed a strategy for implementation that was heavily-laden on considering all alternatives potentially feasible. Academic demand was analyzed from the perspective of consolidating prior approved educational centers, community colleges and relatively distant neighboring state universities. Similarly, state resources and their availability were analyzed by the CSU System, the State Department of Finance, the Legislature and the Governor. CPSEC recommended that the state approve the financial commitment based on the revenue consolidation factor (central California’s myriad community colleges, existing educational centers and the unique drawing power of a residential campus for the CSU System). From a financial impact perspective, students needing upper division or graduate study or desiring one of the unique majors proposed for the CSU Monterey bay (Marine Science or Oceanography, for example), would be attracted to the new campus location.

The rubric depicts the process effectiveness of the demand analysis and state resources availability. Further, the role of politics was rendered into bi-partisan support by the windfall infrastructure gift of the Fort Ord Army Base. It was not a rubber-stamp approval for the Legislature because the CSU System plan called for some unique departures from the California Master Plan (especially in the academic programming, consolidation of several community colleges, and the creation of a residential campus). Nevertheless, the state made effective use of the windfall by designing a unique campus environment heretofore never contemplated (see Interview No. 5, Question 16).
From a “best practices” perspective, the CSU System operating within the California Master Plan for Higher Education, offers several standardized procedures for consideration:

1. California has a legislatively mandated intermediary—CPSEC, which has the legal authority to pass or reject proposals for new branches, centers, and college / university campuses.

2. CPSEC requires actual evidence of academic demand prior to submitting a plan for expansion or new college formation. That evidence takes the form of both student headcounts and FTEs as indicators of student demand.

3. State fiscal resources can only be allocated to a proposed new institution or expansion if the state Finance Department has analyzed the fiscal impacts of operating and capital outlays for support. The Finance Department approval must occur prior to CPSEC passing proposals on to the legislature.

4. Alternative facilities and uses must be as exhaustively explored as possible. Demand most often can be demonstrated via the partnered use of a community college campus or the establishment of a remote university center. Headcounts and FTEs must be demonstrated and then forecasted based on actual experience—not solely be hypothesis.
CHAPTER SIX

CALIFORNIA STATE UNIVERSITY,
CHANNEL ISLANDS

The newest campus of the California State University System (CSU System), known as California State University, Channel Islands (CSU, Channel Islands), takes its name from the chain of islands off the Southern California coast. Of the eight islands that comprise the Channel Islands, five make up Channel Islands National Park. The islands inside the park extend along the southern California coast from Point Conception to just north of Los Angeles. The campus was to be situated on the site of the former Camarillo State Hospital and Developmental Center in Ventura County. The site is 1.5 miles south of the city of Camarillo. See Figure 6.1 for a map of the campus vicinity. The site of the former state hospital and proposed CSU campus has historical significance. It was once a center of trade and culture for the various coastal California Indian tribes. Less than one hundred years after statehood in 1850, a state hospital, which served as a home for developmentally disabled and Ventura County’s mentally ill, was built on the site. Rising costs and changes in patient care practices led to its 1997 closure (Commission Report No. 00-6). The site encompasses approximately 634 acres and includes about 1.6 million square feet in 85 separate Spanish-Mission style buildings that were constructed in the 1930s and 1940s. Although most of the buildings are sixty years or older, their solid,
reinforced concrete floors, walls, and ceilings have not been considered a renovation or retrofitting cause for concern.

Figure 6.1. Map of Proposed CSU Channel Islands Campus Location. Source: CPSEC Report 00-6, November 2000.

The concept of a public four-year college in Ventura County had been a matter of legislative intent, study, and debate since the 1960s (California Post Secondary Education Commission {CPSEC} Commission Report No. 00-6, 2000). Indeed, California Education Code Section 89001 listed Ventura County as a designated location for a CSU campus since 1971. In 1965, the legislature provided $200,000 for a campus site acquisition study and later funded the purchase of a 245 acre parcel near the town of Somis, California. Changes in economic conditions, institutional priorities, and local politics later prompted the sale of the Somis property. In 1974, CSU, Northridge and UC Santa Barbara opened a joint learning center on a small satellite location near the city of Ventura. Although this partnership was dissolved in 1988, CSU, Northridge and UC Santa Barbara each continued to operate off-campus centers in the area.
In 1985, the legislature allocated $25,000 to the CSU System for a new site selection study in the region. Over the next ten years, various sites were proposed. The CSU System still owned approximately 260 acres of lemon groves in the Ventura area, although campus planning had never commenced for that site. The former Camarillo State Hospital site came into consideration when the state began closing some of its state hospital facilities due to increasing costs and dwindling patient populations. A task force appointed by the governor explored the site’s economic potential for development. In October 1996, the governor’s task force recommended that the former hospital site be converted to a university campus. Subsequent legislation (SB 623) authorized the transfer of the site to the CSU System. Additional legislation was passed in 1998 (SB 923) establishing the California State University, Channel Islands Site Authority. The Site Authority was composed of representatives from local governments and the CSU System and was granted authority to regulate the development of any portions of the site that were not to be used for educational purposes.

When the CSU Board of Trustees passed resolutions accepting the conveyance of the property, they chose to first relocate the CSU, Northridge Off-Campus Center from its location in the city of Ventura to the state hospital site. Commencing in 1998, extensive capital renovation was undertaken to convert existing patient care facilities into usable modern classrooms. The renovation project was completed in August 1999, at which time the CSU, Northridge Ventura Center was moved to the Channel Islands site. In April 2000, the CSU System submitted a Needs Analysis Study to CPSEC outlining its formal plan for the system’s twenty-third campus (see Interview No. 5, Questions 3 & 9), (CPSEC Commission Report 00-6, 2000).
Academic Demand

*Population Demographics and Geographical Context*

The citizens of the Ventura County region northwest of Los Angeles County had long awaited a public four-year university. Ventura County's mountains, valleys, and coastline had long played a part in California history. A temperate client attracted early Spanish settlers, and one of California's oldest missions was established in Ventura County in 1782. Today the county's primary industry is agriculture with lemons, strawberries, avocados, and Valencia oranges among the leading crops produced. Ventura and Santa Barbara Counties have a combined population of nearly 1.2 million people, with Ventura County's population nearly twice that of Santa Barbara County. In 2000 more than 30 percent of the population identified themselves as Hispanic, which is roughly equivalent to the group's representation in the overall California population. Census projections for Ventura County indicated an expected population increase of more than 75 percent by 2040. By 2040, the Hispanic ethnic group was projected to be the dominant population segment. As the population increases, and farmland gives way to development, the regional economy is expected to shift from agricultural dominance to retail sales, services, government, defense contractors, light manufacturing, and high-tech research and development industries (see Interview No. 5, Question 9).

Ventura County had a relatively high proportion of individuals who attended college but did not persist to a degree of any kind (CPSEC Report 00-6, 2000). Additionally, while the state had a relatively high rate of high school graduates who matriculated to its community colleges, many of those students did not transfer to a four-year institution. Both Ventura and Santa Barbara Counties had lower than average CSU System transfer
rates out of community colleges. The CSU System enrollment rates for new high school graduates for both counties were among the lowest in California. CPSEC received education statistical data from the CSU System which indicated that individual economic circumstances and the isolated regional geography worked together to discourage students from completing the higher education degree. Although per capita income was above the statewide average, many students perceived that they were unable to either afford the educational opportunities available in the immediate area or afford to travel the distance to reach CSU, Northridge nearly 40 miles away in Los Angeles County. Despite the relative proximity of CSU, Northridge for most Ventura County communities (about an hour’s drive), the Santa Monica mountain range bordering to the south and east represents a physical, if not psychological dividing line between the western portion of the county at sea level and the Los Angeles County suburbs to the east. While many students were able to meet some of their educational goals by attending the CSU, Northridge Ventura Center, the breadth and depth of academic programs needed by a growing and diverse student population suggested to CSU System leaders that a more comprehensive CSU presence in the area might be justified.

In California, the most critical stage of the review process is a formal analysis of the need and demand for the proposed campus or educational center. CPSEC requires that a Needs Analysis generally include long-range enrollment projections for the project. A Needs Study should also address programmatic alternatives, academic planning, needed funding, and the potential impact of the campus on the surrounding community and neighboring higher education institutions. According to the 1992 guidelines, CPSEC in requiring enrollment projections further required that the sponsoring institution secure
the concurrence of the State Department of Finance before the Needs Study is considered complete.

At the time of the proposal to establish CSU Channel Islands, the CPSEC was modifying its guidelines for establishing, enhancing, or making other types of changes to institutions within the California Master Plan. Consequently, CSU, Channel Islands was being developed when the new guidelines had not yet been adopted. Therefore, the Commission considered and reviewed the proposal for CSU Channel Islands based on the 1992 approved set of guidelines—the same set as were used for the approval of CSU, Monterey Bay.

When the CSU System is contemplating the establishment of a new education center, a new campus, or the conversion of an educational center to a comprehensive campus, the first stage of the review process requires the CSU System's governing Board of Trustees to submit a letter of intent advising the Commission of the proposed project (Commission Report No. 00-6). A letter of intent provides preliminary information about the need for and scope of the proposed project. The letter of intent for the proposed CSU, Channel Islands was submitted in May 1999 and approved by the Commission on June 25, 1999.

The second and arguably most critical stage of the review process is a formal analysis of the demand for the proposed campus or educational center. A Demand Study generally includes long-range enrollment projections for the project and addresses programmatic alternatives, academic planning, funding, and the potential impact of the campus on the surrounding community and neighboring institutions. The CSU System submitted its Demand Study for the proposed Channel Islands campus in April 2000.
Enrollment Projections

Following the 1992 Commission Guidelines, the planners for CSU, Channel Islands also were required to adhere to Criterion 1.1-1 for enrollment projections. CSU System planners looked at projected population growth within the region, forecasted high school graduates and community college enrollments, and analyzed college-going patterns of local high school graduates. Like much of the rest of California, Ventura and Santa Barbara Counties were projected to grow significantly over the next few decades. The 2000 population of approximately 1.66 million was expected to grow by more than 76 percent to 3.06 million by 2040. Hispanics were expected to comprise the largest single racial group in both counties, nearing 52 percent of the population by 2040. Much of Santa Barbara County is at the outer range of commute time to the Channel Islands site; however, population data from the county was included because Channel Islands would be the closest middle-tier higher education campus for much of this population.

One of the major goals for the Channel Islands campus was to improve CSU access for students of the region. Statewide, 9.4 percent of public high school graduates in 1996 attended a CSU campus as first-time freshmen. The CSU attendance rates for that same year for Ventura and Santa Barbara Counties were below the statewide average at 5.7 and 3.9 percent, respectively. Indeed, both counties consistently ranked in the lowest quartile of CSU college-going rates for the four-year period from 1995 through 1998 (CPSEC Enrollment Data).

It was important to note, however, that overall college-going rates for high school graduates in Ventura and Santa Barbara Counties compared favorably with the statewide rates when considering attendance rates for the University of California, the California
community colleges, and independent institutions. Of course, Santa Barbara is the site for the University of California, Santa Barbara and there are numerous community colleges scattered throughout Ventura and Santa Barbara Counties. Therefore, a certain amount of access rationalization historically was used to explain why the participation rates for CSU in those two counties were low—there simply wasn’t a campus in reasonable commuting vicinity.

CSU Northridge operated a Ventura Center for several years. The enrollment projections by CPSEC for the Channel Islands campus reflected the fact that the CSU Northridge Ventura Center will operate in parallel with the new campus from the time the campus opens in Fall 2002 through 2005-06 academic year. A transition plan was developed that would in effect schedule the phasing out of the CSU Northridge Ventura Center. CSU System planners expected the transition to be completed at a pace that would allow CSU Northridge to expand its home campus FTEs faster than or equal to the loss of FTEs as programs were closed at the Ventura off-campus center (Commission Report No. 00-6).

CSU Channel Islands enrollment projection reflected the fact that the campus did not intend to admit freshmen until 2003. By delaying the admission of first-time freshmen until Fall 2003, the campus would be given sufficient time to develop lower-division general education programs (Commission Report No. 00-6).

The enrollment projections were made using a student flow model. The model provided a conceptual description of campus student population which, in any given year, included new and continuing students. New students included first-time freshmen, new undergraduate transfer students, and new graduate and post-baccalaureate students.
As these three types of new students flowed through the system, they became continuing students. The CSU, Channel Islands student flow model enrollment projections are contained in Table 6.1. The enrollment projections for CSU, Channel Islands were supported by the enrollment history for the CSU, Northridge Ventura Center, which had reflected a sustained ten-year pattern of growth. Enrollment history for that center also is displayed in Table 6.2.

The Commission’s recent report, *Providing for Progress: California Higher Education and Resources Into the 21st Century* (CPSEC 00-1, 2001) indicated that on a statewide basis, the California State University System was operating very near its physical capacity. The overall statewide student enrollment demand was expected to exceed capacity by the 2003-04 academic year. Table 6.3 shows system-wide enrollment demand and capacity for California State University System as forecasted in the year 2000.
Table 6.1. Enrollment and FTE Projection for CSU, Channel Islands.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>250</td>
<td>510</td>
<td>739</td>
<td>345</td>
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</table>

Source: CPSEC Report 00-6, November 2000.

Table 6.2. Enrollment History for CSU Northridge Ventura Center Fall 1991 through Fall 1999.

<table>
<thead>
<tr>
<th>Year</th>
<th>Fall Count (Enrollment)</th>
<th>Spring</th>
<th>Average</th>
<th>FTEs</th>
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<td>1131</td>
<td>1118</td>
<td>1125</td>
<td>502</td>
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<tr>
<td>1999-00</td>
<td>1740</td>
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<td>-</td>
<td>939</td>
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Source: CPSEC Report 00-6, November 2000.
Table 6.3. Projected Enrollment Capacity in the California State University (Existing Inventory and Fully-Funded Projects Only) 1998-99 to 2010-11.

<table>
<thead>
<tr>
<th>Year</th>
<th>Physical Capacity</th>
<th>Projected FTEs</th>
<th>Capacity Surplus of Deficiency</th>
<th>Percent Surplus or Deficiency</th>
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<td>272200</td>
<td>13982</td>
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<td>290016</td>
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<td>283853</td>
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<tr>
<td>2010-11</td>
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<td>-68416</td>
<td>-18.7</td>
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</table>

Source: California State University, 1999; CPEC Staff Analysis.

Regional Demand Preferences

In preparing the Academic Demand Report for the Commission, the CSU System planners turned to a 1999 report by the National Center for Higher Education Management Systems (NCHEMS). That report titled, *An Assessment of Higher Education Needs in Ventura and Santa Barbara Counties*, drew upon one-on-one interviews with clusters of employers in both the public and private sectors throughout Ventura County and in the southern portion of Santa Barbara County (see Interview No. 5, Question 9). Additionally, representatives of Chambers of Commerce and economic development agencies were surveyed. Those interviewed consistently identified several specific programmatic needs for new employees that the new campus might be able to fill:

1. Business managers
Accountants and auditors
K-12 teachers, especially bilingual
Registered nurses, occupational and physical therapists
Computer programmers and systems analysts
Social workers
Electrical and computer engineers

The one degree program identified by employers in the survey was a need for their current employees to obtain an MBA. Other needs for continuing education were in areas like human resource management, banking, business management for school districts, process management, quality control, and applications programming language where formal certification programs or short courses might apply. According to the CSU System’s Needs Analysis, the findings in the NCHEMS report broadly agreed with other indicators of labor market and demand in the area, including the 1999 UCSB Economic Forecast and a Needs Assessment conducted by the Ventura County Leadership Academy.

From that survey data and the Guideline principles, CSU, Channel Islands planners initially decided to pursue the following academic programs:

1. Teacher education/liberal studies
2. Arts, humanities, and social and behavioral sciences
3. Biological and life sciences, environmental sciences and health sciences
4. Management and business, international business, and nonprofit management, agribusiness, public administration, and administration of justice
5. Information sciences, computer science, and computer engineering
Consideration of Alternatives

As in the case for CSU, Monterey Bay, the CPSEC Guidelines included criteria for the consideration of programmatic alternatives which evaluate the extent to which feasible alternatives for a new university campus have been fully explored. Several aspects of Criterion 2 relating to alternatives were addressed in the CSU System proposal to the Commission (see Interview No. 5, Question 7):

1. Can the existing CSU Northridge Ventura Center meet the demand? CSU, Northridge Ventura Center had been a presence in Ventura County since 1974. For the first fourteen years, the center was a cooperative activity that included University of California, Santa Barbara. By its nature, the CSU, Northridge Ventura Center was limited in the range of educational and support services it could provide. Educational centers for the University of California and the CSU System offer upper-division coursework only and many student services such as outreach efforts, disability support services, and counseling services cannot be fully supported by the funding formulas for the off-campus centers. The lower enrollment levels (typical in a center), mean there are too few students to generate enough demand for these special services. The Commission deemed unlikely that the CSU, Northridge Center ever could effectively meet the demand for a California State University presence in the region.

2. Expanding other institutions to address the demand? The Commission estimated that by 2010, more than 2.7 million students would seek enrollment in the state’s public post-secondary institutions. Those additional 700,000 students over current enrollment levels represented a 36 percent growth rate and called upon each
segment of the public higher education system to find ways to increase their capacity. Anticipated growth in the Ventura and Santa Barbara County areas and subsequent enrollment demand coupled with the physical capacity limitations of CSU suggested that expanding the two adjacent CSU campuses, Northridge and San Luis Obispo would not meet the need to develop a new campus by more than a few years at best (Commission Report 00-6, 2001). CSU, Northridge campus was expected to meet its theoretical enrollment ceiling of 25,000 FTE around 2011. The Cal Poly San Luis Obispo campus was already at its ceiling of 15,000 FTE and faced community opposition to increasing its enrollment.

Other issues regarding the expansion of the neighboring institutions continued to present access problems for many Ventura County students. CSU, Northridge is located approximately 45 miles from the current Channel Islands site, and the San Luis Obispo campus is generally a three-hour drive. These differences in driving times represented unworkable commutes for most students.

3. Can the demand be met through private donations of fundraising? The CSU System recognized the scarcity of state resources and identified fundraising and the development of public and private partnerships as a significant means of meeting capital needs. The transfer of land and buildings from the state mental hospital and the ability to adaptively reuse many of the existing structures on the site significantly reduced the estimated funding requirements for the development of the new campus. The proposed CSU, Channel Islands campus did meet a substantial portion of its capital need through donations and a comprehensive fundraising program. In the two years prior to opening, the capital campaign
generated nearly $11 million in gifts. The Commission never required, however, that financing the university project in the region be met primarily through fundraising and private donations alone.

CPSEC found in 2001 that the CSU System had adequately explored programmatic alternatives such as the expansion of existing institutions, shared facilities, distance learning, and private financing. While the alternatives may serve to amplify instructional programs and enhance access, they would be insufficient to meet the needs of students in the region, and would be an inadequate substitute for a full-service campus.

Consideration of Alternative Sites

Under Criterion 6, the Commission requires that proposals for new institutions include a cost-benefit analysis of alternative sites, including a comprehensive analysis of the advantages and disadvantages of alternative sites. As noted earlier, the CSU System had been in the process of planning a campus in the Ventura County region for several years. During this thirty-year planning period, numerous sites were considered and ultimately rejected, the latest of which was the 260 acre parcel commonly referred to as the orchard site located west of the city of Camarillo. When the state conveyed the old Camarillo State Hospital site to the CSU System, planning activities shifted away from the construction of a new campus on the undeveloped orchard property to transforming the state hospital grounds to a university campus (see Interview No. 5, Question 7).

Aesthetically, the 634-acre former state hospital site already conveyed a campus-like setting; however the site also offered some economic benefits.

1. The CSU, Channel Islands site had a substantial inventory of buildings and infrastructure that had been well-maintained throughout the years as a state
mental hospital. Nearly 80 percent of the gross square feet of facility space were
located in the central area of the campus. Any of those structures could be
renovated at a lower cost per square foot than new construction, thus reducing the
capital outlay investment required by taxpayers for the campus. The cost of
building a new campus on the orchard site would be much more costly.

2. The size of the property represented opportunities for campus growth and also led
to alternative uses that would provide revenues that could be used to finance
campus development. Some ideas for this particular set of uses included research,
parks and other technology development innovations.

The Commission was satisfied that the criterion for a full analysis of the cost-benefits
for the CSU site had been satisfied. The Commission agreed with the CSU System that
adapting the Camarillo state hospital site for reuse would be less costly than building on
an undeveloped site.

**Effects on Other Institutions**

The Commission under Criterion 9 of the Guidelines requires evidence that other
systems from neighboring institutions and the community in which the new institution is
to be located have been consulted during the planning process. The impact on existing
and projected enrollments at neighboring institutions must be evaluated. CSU System
planning staff found that CSU, Channel Islands would likely have an impact on
enrollment levels at neighboring institutions. The institutions most significantly affected
would be local community colleges and CSU, Northridge and to some extent private
institutions in the area. The proposed Channel Islands campus was expected to have little
or no impact, however, on the specialized private schools, as they filed a somewhat
unique niche in the higher education market of the Ventura and Santa Barbara County region.

The presence of a new four-year university would provide new high school graduates with additional options for academic pursuits following high school, and as such it is possible that local community colleges would realize slower rates of growth in student enrollments than they had in recent years (Commission Report 00-6, 200, p. 41). Thus the impact of the new campus on first-time freshman enrollments at community colleges in Ventura County was evaluated. Assuming the community college participation rate remained constant, the CSU System planning staff estimated that the opening of CSU, Channel Islands would have the effect of reducing first-time freshmen at local community colleges annually by about 150 students, across all three community colleges in the Ventura Community college district.

State Resources

*Economic Efficiency*

Under Criterion 10 of the CPSEC Guidelines, the Commission’s criteria concerning economic efficiency gives *priority* to proposals in which the state is partially or fully relieved of its financial obligation for capital or support costs. The transfer of the former Camarillo state hospital property for development by CSU, Channel Islands was neither a gain nor a loss to the state since the property essentially remained under state control. The 260 acre parcel of land acquired for the Channel Islands campus prior to the conveyance of the state hospital site was an asset that the CSU System might have been able to leverage in developing the Channel Islands campus. It was estimated in 2000 that
cost savings would result from the renovation of existing buildings in lieu of more costly new construction (Commission Report 00-6, 2000, p. 42).

Since the combined educational centers had long exceeded minimum FTEs to qualify for state funding, the Commission had no qualms about recommending the fiscal soundness of CSU, Channel Islands. Given a lower cost of operating the physical plant versus building and operating the facility, CPSEC also noted the rising level of legislative funding per FTE in 2000. In 2000, FTE funding stood at $7,000 per FTE throughout the CSU System—a figure that gave fiscal comfort to CPSEC and the legislature (see Interview No. 5, Questions 11 & 12).

In November 2000, the full Commission issued a favorable review of the proposal by the CSU System to establish a campus in the Ventura County region on the site of the former Camarillo state hospital. Pursuant to its statutory mandate and its responsibility as the state’s long-range planning advisor for higher education, the Commission issued a recommendation to the governor and the legislature that the CSU, Channel Islands campus be approved for funding and operating with budgetary support. In its recommendation, the Commission stated that it understood that CSU, Channel Islands would open in Fall 2002 with an estimated enrollment of 1,320 FTE students. The initial enrollment would consist entirely of upper-division transfer and graduate and post-baccalaureate students. However, the campus would enroll its first freshmen in Fall 2003. Enrollment was expected to reach 4,210 FTE by Fall 2010 and 5,250 FTE by Fall 2018. The Commission noted with satisfaction the model performance over nearly twenty years of the Center operated and run by CSU, Northridge as an extension of its academic services for the Ventura County region. It also noted that in the earlier years and in a

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continuing partnership, UC, Santa Barbara had also contributed Center-based remote educational services to the citizens of Ventura County. Both institutions would continue in a transition phase to provide upper-division and graduate support coursework for the foreseeable future.

System Effectiveness

The state of California utilized an extremely effective and efficient methodology for assessing the need for and all other essential elements of the new college planning process. As mandated under the legal authority granted to the CPSEC, the research question dimensions of concern in this study were addressed as strict requirements prior to and throughout the process of the creation of a new university, state college, or community college. The dimensions were carefully considered in the analysis of the planning for and build-out of CSU, Channel Islands. As a system, the CSU System was even more effective in its research and decision-making process in the early 2000s than it was in the early-mid 1990s with Monterey Bay. CSU remained very effective in the process of new college formation.
<table>
<thead>
<tr>
<th>Ineffective</th>
<th>CSU, Channel Islands</th>
<th>Effective</th>
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<td>Academic demand: Determinants less than fully considered</td>
<td></td>
<td>Academic demand: Determinants fully considered: (income, population, substitutions, expectations, tastes &amp; preferences)</td>
</tr>
<tr>
<td>State financial resources: Unfunded or partially funded</td>
<td></td>
<td>State financial resources: Funding requirements fulfilled by accurate/valid enrollment projections</td>
</tr>
<tr>
<td>Alternatives: Limited or superficial consideration of H.E. alternatives and state capacity utilization</td>
<td></td>
<td>Alternatives: Full analysis of H.E. alternatives and state capacity utilization</td>
</tr>
<tr>
<td>Politics: Less influential on policymaking and decision-making</td>
<td></td>
<td>Politics: Highly influential on policymaking and decision-making</td>
</tr>
</tbody>
</table>

Figure 6.2. A Public Policy Performance Rubric for the CSU, Channel Islands.

The process of evaluating effectiveness in the context of the parameters of this case study required an examination of the checks and tests the CSU System applied in assessing the proposed CSU Channel Islands site and offer. The Ventura County location had been identified over 30 years previously as a population center with great potential for a new CSU system campus. The academic demand was well established by the length of time branches of CSU Northridge and UC Santa Barbara had provided education resources (see Interview No. 5, Question 9). The California legislature had identified the Ventura County area as needing a university for several decades—essentially guaranteeing that state financial resources would be made available once a formal Needs
Assessment document had been completed. To that end, the Legislature even had approved sums for site characterization studies several times over the preceding 30 years (Commission Report No. 00-6). With the proximity to the metropolitan Los Angeles area, Ventura County was rapidly becoming more than just a bedroom community. Ventura County’s demand for higher education secured the financial resources from the state by establishing a proven headcount and full-time equivalency history that demonstrated the underserved nature of the region.

The role of politics was also muted in the development of CSU, Channel Islands. The evident demand for higher education, the available financial resources, and a ready-to-be refurbished site delivered as a gift were all factors that led the CSU System, CSPEC, and the Legislature to enthusiastically certify the process and endorse the project as effective under the criteria (see Interview No. 5, Question 16). See Figure 6.2 for a summary of CSU’s performance on the four needs assessment dimensions.
CHAPTER SEVEN

CENTRAL OREGON UNIVERSITY CENTER

In July 1998, the Oregon State Board of Higher Education (OSBHE) met jointly with the Board of Central Oregon Community College regarding a sequence of planning activities that were directed toward expanding higher education in central Oregon. The two Boards established a collaboration committee that reported to each entity. Later in the fall of 1998, the joint collaboration committee developed a long-term (twenty-year) vision of a new upper-division institution, a short-term (five-year) strategy that focused on establishing a regional higher education advisory group, expansion of current programs and enrollment, and development of a legislative proposal for the 2003 session for the development of a central Oregon university, which would be further developed over a ten-year period. In December 1998, the Oregon University System (OUS) chancellor created the Central Oregon Regional Advisory Board (CORAB). The purpose of CORAB was to “support the work of the chancellor and OSBHE and provide community input and support for the development of OUS services in central Oregon” (Central Oregon Report, 2000, p. 3). Prior to further planning activities, OSBHE established guiding principles for planning and developing any future branch of OUS. The Board directed that all planning tasks were to follow the following guiding principles:

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1. Analysis should be objective and comprehensive, driven by data as far as possible.

2. Expansion of higher education services should be responsive to student demand foremost.

3. Expansion of higher education services should also be responsive to community development needs and aspirations.

4. Planning for the future should be based on realistic demand assumptions and projections, with allowances for more favorable conditions.

**Process for Estimation of Higher Education Demand**

For the purpose of data development and analysis, OUS was to focus on the three-county area composing the state’s regional designation used for central Oregon in traditional and historic economic and population analysis. Those counties were Deschutes, Jefferson, and Crook.


2. Economy. Economic base, trends, employment by industry, and projected job growth areas and their education requirements.

3. Comparative population and enrollment estimates for the years 1990-2015 in central Oregon compared to total Oregon enrollment patterns by type and location of institution, in-state versus out-of-state choices, and transfer patterns.

4. Implications of these factors for higher education planning purposes.

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In building an academic base, OUS required the review of local, regional, and state entities in place for responding to the post-secondary and advanced educational needs of the population related to current and projected demand.

1. Central Oregon Community College (COCC). Enrollments, programs, human capital, and operating resources.
2. Central Oregon University Center (COUC). Enrollments, programs, human capital, and operating resources.

OUS also had to estimate future demand for planning purposes and made an assumption that a small, regional baccalaureate institution was the principal goal. The set of assumptions were bounded by the following parameters:

1. Estimate anticipated demand for three five-year time periods.
2. For planning purposes, assume a small, regional institution of about 2,000 to 4,000 student FTEs within a fifteen-year time frame.
3. Develop program inventories of five peer institutions to project a comprehensive curriculum for a small, regional baccalaureate institution in order to create a reasonable profile of programs suitable for the central Oregon regional community.

Develop and share information sets and analyses with national higher education leaders and consultants; review models identified by CORAB and consultants for possible governance and operating structures. The OUS was mandated by the state governing board to consider all possible alternatives to establishing a free-standing campus in the Bend area. Those alternatives included:

1. Expanded COUC.
2. Branch campus of an existing state university institution.

3. Capstone institution (upper-division, stand-alone academic courses only).

4. Build a new four-year institution with a community college division incorporating COCC.

5. Analyze each of the models on the basis of OUS institutions and their peers.

The OUS required the organizers of any proposed new institution to consider all program offerings in the context of calculated academic demand and required state resources:

1. Revenues and expenditures.

2. Estimated minimum enrollment support for each model.

3. Sequencing of models as a function of time and enrollment growth.

4. Changing or evolving faculty and support staff requirements.

5. Program configurations.

6. Facilities requirements.

OUS required the organizers to calculate impacts of each model on:

1. Overall regional and state needs.

2. Existing OUS institutions.

3. Central Oregon Community College (COC).

All of the above parameters were part of a legislative package that depicted the demand model for formal presentation to OSHBE consideration in June 2000 with adoption in July 2000 as part of the biennial legislative budget request for 2001-2003.
Building the Academic Base

In the late 1990s in central Oregon, there were two post-secondary institutions to meet the educational needs of the regional population; Central Oregon Community College (COCC) and Central Oregon University Center (COUC). COCC is located in Bend, Oregon, and was founded in 1949. Instruction has been offered on the main campus as well as a North Campus in Redmond, Oregon, and by means of live and televised instruction at six local community college centers scattered throughout the region. The mission of COCC is lower-division undergraduate instruction and skills training and development, transfer coursework, professional-technical education, basic educational skills, and non-credit activities for a range of personal and professional purposes. COCC ranks eighth in FTE enrollment among Oregon’s seventeen community
colleges. For perspective, Portland Community College is the largest with an enrollment roughly five times that of COCC.

1. **Enrollment.** In fall 1999, there were 7,258 head count students enrolled at COCC. The Oregon FTE enrollment per credit historically runs approximately 85 percent of total head count enrollment. At COCC, about half of the total FTE enrollment is in courses designed for transfer credit. Since the late 1980s, OUS and the Oregon community colleges have operated under a block-transfer agreement that specifies which lower-division courses are accepted for transfer.

2. **Human resources, faculty, and staff.** In 1999-2000, COCC employed 89 full-time faculty. As is the situation in many community colleges, the head count of part-time and adjunct faculty has been growing. In 1999-2000 there were 27 adjunct and 222 part-time faculty employed at COCC.

3. **At COCC, the full-time faculty teach 60 percent of all sections.** COCC workload policy requires faculty to teach 45 load units per year. This would mean that the typical social science professor would be teaching 11 four-credit courses per year. Student to faculty ratios at COCC were estimated to be comparable with those at OUS regional universities.

In 1994, OUS in partnership with COCC created COUC to expand access to higher education services in central Oregon by offering additional upper-division bachelor’s degree completion programs and transfer programs. The 1993 legislature had directed that both OUS and the state community college system contribute funds toward the expansion of advanced educational opportunities for residents of central Oregon (Central Oregon Report, 2000). COUC was established in previously unused spaces on the COCC
In 2000 it had completed its sixth year of operation. The innovative concept of COUC is that it served as a broker of programs from multiple institutions, a facilitator of partnerships between and among four-year institutions and COCC to articulate course offerings within degree programs. Due to its location in Bend, Oregon, COUC was physically isolated from the other OUS institutions. The principle underlying COUC was that students could take lower-division courses at COCC and upper-division courses at COUC. The upper-division degree programs offered by COUC in Bend would then transfer to any of the other eight state public universities within OUS. Reiterating the isolation factor, Bend, Oregon, was at least 100 miles from any of the other state public four-year institutions. Therefore, students could take all four years of a university degree program while not leaving the central Oregon community. As they began their junior year, they would indicate or articulate with one of the other eight four-year institutions without ever stepping foot on that four-year campus. For example, students could take coursework and be granted a degree from University of Oregon, Oregon State University, Portland State University, and others from within the Oregon university system.

1. 1998-1999. There were 598 students (head count) enrolled in programs at the center. In FTE terms, this was approximately 212 students. 111 of those students were technically enrolled in OU or OSU undergraduate degree programs. In 1999, COUC offered degree programs at undergraduate (upper-division) and the masters level from public and private institutions from the following public and private institutions in Oregon: Eastern Oregon University, Lewis and Clark College, Linfield College, Oregon Health Sciences University, Oregon Institute of Technology, Oregon State University, Portland State University, Southern
Oregon University, and the University of Oregon. By 1999, 28 four-year degree programs were offered at COUC. At a joint COCC-COUC spring 2000 commencement, 140 students from central Oregon who completed their baccalaureate or masters programs while residing in Bend, Oregon, received their degrees.

COUC programs from 1994 through 2002 spring commencement were offered in either a continuous or cohort model. Continuous programs were run on a regular continuing basis: students could enter when they qualified, and coursework was sequenced to enable students to finish an upper-division program in the normal two-year period. In the cohort programs, students started as a group and needed to complete every course in sequence to finish. During the eight-year period ending spring 2002, when a cohort group completed the program, the program ended or rested until demand built sufficiently to justify a new cohort cycle (see Interview No. 9, Questions 7 & 9). At COUC over the eight-year life of this program strategy, about two-thirds of the programs were continuous, the remainder represented cohort programs. Funding for the COUC continuous and cohort operations came from state appropriations. However, due to the unique splitting of the academic offerings and single physical location (at COCC), the total costs were shared between the Oregon University System (OUS) and the State Community College Services Administration (the coordinating arm for statewide community college governance). In the period from 1994 through spring 2002, the Central Oregon University Center operated solely on the campus of Central Oregon Community College and relied entirely on its facilities—classrooms, administrative offices, computing infrastructure, library, and parking facilities. Earlier, an operating and
co-funding agreement between COUC and COCC was enacted which covered the costs of classrooms, distance education, and other facility expenditures. At that time, COCC had surplus space to accommodate separate University Center staff and programs. However, by the late 1990s growth in both entities' programs and a strategic decision by COCC to deliver video-based education to six remote community college centers drove the community college to a full utilization of its previous surplus areas and created competing demands for all physical spaces at the institution.

Finding space for COUC administration and faculty became a growing problem. By the late 1990s, enrollment growth in both COCC and COUC programs forced a decision to plan for expanded COUC facilities. OUS and COCC agreed to collaborate on a dedicated University Center building. COCC was willing to provide a building site, coordinate the planning within the parameters of its master plan, and offered other physical accommodation services to facilitate the construction. OUS agreed to lease and operate the building for COUC programs and to service the debt on the financing. COCC and COUC planned a $7.5 million building together with the understanding that if COUC ever built its own campus, the building would revert to the community college. Collaborating on the planning at the front end assured COCC that it would have a building that would serve its longer-term needs. The first stand-alone University Center structure in central Oregon was designed to have 21 classrooms. The OUS applied for and was awarded an additional $1 million under a federal grant program for a smart building initiative. Under these provisions, the building was completely technologically innovated to essentially transform all of the classrooms to video studio classrooms with 35 to 50-seat capacities. The building was 100 percent cabled and equipped to support
new teaching methodologies and to enable full utilization of Internet and distance education possibilities.

Academic Demand-Needs Survey

In 2000, both the University Center and COCC were interested in evaluating existing programs and considering future programs. Jointly they contracted with the Oregon Survey Research Laboratory (OSRL) to survey what students and former students thought about their educational experiences and what programs they would like to see in the future. OSRL conducted a statistical evaluation of a survey of 276 current and former COUC students and 288 COCC students between April 13 and April 22, 2000. Results from the more than 500 students surveyed indicated that a strong majority were interested in or already enrolled in one of the 23 programs that were then currently available. However, over 45 percent of the students surveyed from both institutions indicated another 14 programs that were not available in the central Oregon region (see Interview No. 9, Question 9). The highest demand calculated for programs not available in the central Oregon area were those related to special education and health education.

Consideration of Alternatives

In Oregon, the discussion of a free-standing Central Oregon University was always about considering alternatives. Even as demand was building in the isolated central part of the state, the higher education system (OUS), the governing board (OSBHE) and the state legislature and executive branches spent the better part of a decade arguing about which option to pursue (see Interview No. 9). The principal options were described earlier as expanding the COCC or COUC versus building a new facility to be known as...
Central Oregon University (COU). The 2001 legislature finally decided to move forward and build COU, merging the COUC students and local faculty into the new university. COCC would remain satisfying a long tradition of two-year career technological and vocational education programs. The mission of COCC was one the citizenry of central Oregon did not want to relinquish and the legislature voted to retain the Bend institution (see Interview No. 9, Question 7).

State Resources

Conversion to Oregon State University, Cascades

Public support for higher education in the state of Oregon in the early part of the first decade of the 21st century faced a grim future. Declining budgets, the highest recorded state unemployment rates, rising taxes, and personal use fees all combined with double-digit raises in the tuitions for higher education strained capital and operating budgets for public higher education system. In 2002, a new governor was elected. Although it was discussed above and in Chapter Three, years of study, effort, and planning had gone into the approved proposal for a Central Oregon University in Bend, Oregon, the new governor announced in spring 2003 that he was shelving the plans for a free-standing middle-tier state university (see Interview No. 9, Question 16).

To quiet the revolution, he announced that he would allow a branch campus of an existing state university to offer more formalized extension services. He also decided that the branch should be either one of the two full research universities, Oregon State University or the University of Oregon. A short bidding war ensued in spring 2003, the outcome of which yielded Oregon State University as the winner. In quick fashion,
Oregon State University, Cascades branch was established at the former Central Oregon University Center, which was physically located on the campus of Central Oregon Community College in Bend. When the doors opened in fall 2003, the institution was renamed Oregon State University, Cascades. Full OSU coordination was offered. However, initial academic programs remained somewhat limited in the Central Oregon region where Bend is located. As described earlier, Bend, Oregon, is approximately 100 to 150 miles from any other higher education institution—thus ensuring a kind of educational monopoly for OSU, Cascades. In the interim, all of the demand factors and academic planning and programming that were set in place for the Central Oregon University stand-alone institution remained in force as OSU assumed control. It is understood that over time, plans and programs will likely evolve since the branch concept will be able to call upon the greater resources of the state’s land grant institution. Further details on the politics and policy issues related to the conversion are discussed in the personal interview conducted with the OSU, Cascades president.

System Effectiveness

The state of Oregon via its State Board of Higher Education utilized an effective and efficient methodology for assessing the demand for and all other essential elements of the planning process. In a manner similar to Florida and California, the research dimensions of concern in this study (demand, resources, alternatives, and politics) were addressed as strict governing board requirements prior to and throughout the process of the creation of a new state college. Oregon, however, approached the problem from the standpoint of expanding an existing lower division community college. The Oregon Higher Education
system (OUS) effectively considered all the aspects of demand, resources, and alternatives. In the late 1990s to early 2000s, Oregon was in the throes of an economic downturn which forced an even more critical analysis of limited state resources. In the light of the state financial crisis, politics played a much larger role than in either Florida or California. The dimensions were carefully considered in the analysis of the planning for and build-out of Central Oregon University. As a system, the OUS was competent and efficient in the analysis of demand and the consideration of alternatives. The downfall of COU as a free-standing state college can be directly laid at the foot of very scarce state resources and the role of politics. Overall, the governing board-mandated processes worked very effectively in establishing the academic case and assessing the potential alternatives for Central Oregon University. The OUS planners performed effectively in analyzing the financial impacts of building and operating a new state college. The Central Oregon Report (2000) indicated that an earlier 1995 comparison of tuition rates and other funding mechanisms (factoring normal growth), would have funded operating costs at COU. The principal dilemmas by 2003 were the estimated capital costs and state fiscal reserves.
The OUS performed all of the due diligence activities required for investigating the need or demand for a new state college, however, in the final analysis OUS fell victim to an extended recession in the state, an already high marginal tax rate and the political courage of the governor to not spend state funds (that the state did not have) on a popular project (see Interview No. 9, Question 16). In a “best practices” scenario, it can be fairly stated that Oregon’s governing board:

1. Set rigid guidelines for demand (enrollment) criteria with actual headcount and FTE thresholds to be proven and not just estimated.
2. Exhaustively considered potential alternatives, given the remoteness of the town of Bend, Oregon.

3. Prior to building the academic demand base, OUS created an innovative lower division / upper division bachelor's degree matrix whereby students in rural central Oregon could matriculate in any of eight state institutions without leaving the area.
NEVADA STATE COLLEGE

The Board of Regents of the University and Community College System of Nevada (UCCSN) faced a large set of issues when considering access and participation for higher education in Nevada. The issues facing the Board of Regents were at least twofold: the historical low participation rates of students moving from high school to college matriculating to a bachelor’s degree, and demographics related to the fastest-growing state in the U.S. since 1990. In 2001, the Nevada Board of Regents contracted with RAND, a southern California research think tank to provide an analysis of the higher education system as it currently existed and to prepare a strategic plan for the future.

The RAND Report

*Access, Participation, and Demand*

The RAND report viewed the Nevada higher education problem as, “even without a sea change regarding students’ intentions toward attending college, the sheer growth in the population still projected increasing the stress factors on the state systems’ capacity and ability to accommodate admissions for those students planning to attend state institutions” (Benjamin, Simpson, Hersch & Lempert, 2001). It is true that since 1990 the state’s population had grown exponentially. Attendance rates at Nevada’s higher education institutions also were expanded dramatically. RAND’s approach to the access
problem was to track and project participation rates by using a computer simulation program that extrapolates the population trends through 2010. RAND used the term participation in the place of academic demand.

The official RAND report was titled *The Road Less Traveled: Redesigning the Higher Education System of Nevada*. In its executive summary RAND stated that “This report provides an analysis of the issues facing the state of Nevada’s higher education system, the goals of quality and access to be met, and the means it needs to consider in the creation of a strategic plan for the future” (Benjamin et al, 2001). The RAND report observed that demographic, governance, and fiscal pressures, coupled with inadequately defined priorities have stressed the UCCSN. The Board of Regents, in recognition of some of these problems, asked RAND to address these issues in a way that was both timely and challenging with the potential to create a stronger higher education system (Benjamin et al, 2001). This recognition by the Regents accounted for the addition of a strategic plan component in the report. According to RAND, a strategic plan requires: (a) an accurate assessment of the current system, (b) the construction of a vision shared by the Regents, Chancellor, presidents of institutions, and state leaders, (c) the mission differentiation and governance system authorized to achieve the vision, and (d) the strategies agreed upon to achieve the specific goals in the plan.

The term *academic demand* never appeared in the RAND report. There were a number of problems with simply extrapolating population trends to accurately project need and make recommendations for future capital and operational outlays of taxpayer funds for new state colleges. Nevada had one of the lowest national participation rates of students leaving high school and entering college. Following that low rate, an equally
lagging performance occurred when considering the numbers of students who actually graduated with a bachelor’s degree following their four plus years of higher education. There were a number of factors that contributed over time to the low matriculation and graduation rates in Nevada’s institutions of higher education. First among the reasons were the workforce requirements that had historically been prevalent in Nevada. Nevada industry had been dominated for decades by a few business categories—tourism, hospitality, gaming, and mining. Those industries typically do not require college-educated workers for the majority of their workforce. It has been relatively easy for high school graduates to enter the hospitality industry and secure a well-paying job that would never require further or higher education. While it is true that in the aforementioned industries, middle management and executive positions often do require college backgrounds, those positions are relatively few in number. A further reason had become evident during the phenomenal Nevada population growth period since 1990. Concurrent with incremental industrial sector growth, the service economy had experienced an even greater expansion (Benjamin et al, 2001). Again, with the growth in population and the demand for consumer and retail-oriented products and services, the need for resident workers that have advanced levels of education has not been evident. The RAND report and strategic plan made the Board of Regents aware of this historical set of circumstances (see Interview Nos. 1, 2, & 6, Question 5). Nevertheless, their approach was to project population increases year-by-year to 2010 as representing the universe of students expected to attend the state’s higher education institutions. The approach to demand for access became a set of models for tracking and projecting participation rates over the next decade. Their approach appeared to be more of a macro viewpoint in that
the growth in population, if realized, would yield an astonishing number of high school graduates planning to attend one of the state’s higher education institutions. The following section describes their methodology in more detail as RAND projected population trends and compared the Nevada circumstance to what happened in the baby boom years of the late 1960s-early 1970s in California.

As part of its tasking contract with the UCCSN Board of Regents, RAND was asked to explore the possible ramifications of various levels of increased undergraduate enrollment (see Interview Nos. 1 & 2, Question 1). RAND employed computer models that projected enrollment and other attributes of Nevada’s higher education system into the future, based on the state’s demography and data on the current flows of students through the higher education system. RAND’s findings of its modeling exercise (using population projections) strongly suggested to them that Nevada must make significant changes in its higher education system to meet its goals in the light of expected continuing population growth.
Table 8.1: Goals for Nevada Higher Education.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Definition</th>
<th>Current Performance</th>
<th>Benchmark 10 Largest States</th>
<th>WICHE States</th>
<th>All 50 States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access</td>
<td>Enrollment per Population</td>
<td>4.1%</td>
<td>5.1%</td>
<td>4.9%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Attainment (BA)</td>
<td>Annual BA Degrees per Population</td>
<td>0.19%</td>
<td>0.26%</td>
<td>0.36%</td>
<td>0.29%</td>
</tr>
<tr>
<td>Attainment (AA)</td>
<td>Annual AA Degrees per Population</td>
<td>0.08%</td>
<td>0.17%</td>
<td>0.20%</td>
<td>0.17%</td>
</tr>
<tr>
<td>Diversity</td>
<td>Black &amp; Hispanic enrollment per Population / White enrollment per population</td>
<td>0.58</td>
<td>0.89</td>
<td>0.82</td>
<td>0.84</td>
</tr>
</tbody>
</table>

RAND, 2001

Table 8.1 describes the goals that RAND considered important for Nevada in their discussions and interviews with stakeholders throughout the state higher education system. The goals as described in the first column of Table 8.1 are Access, which RAND defined as UCCSN enrollment as a fraction of the Nevada population; Attainment (BA), which they defined as the annual number of bachelor’s degrees awarded as a fraction of the population; Attainment (AA), which they defined as the annual number of associates degrees awarded as a percent of the population; and Diversity, which RAND defined as the ratio of the enrollment of Hispanics and African Americans as a fraction of Nevada’s Hispanic and African American population to the enrollment of Whites as a percent of Nevada’s White population. Those definitions are in the second column of Table 8.1.

In 2000, Nevada lagged behind other states in each of those goals. Table 1 compares Nevada’s performance to the averages for the nation, the Western Interstate Commission
for Higher Education (WICHE) states, and the nation’s ten largest states for each of those goals. In 2000, Nevada scored a 4.1 percent on the access goal compared to 4.9 percent for the WICHE states; 0.19 percent and 0.08 percent on the BA and AA attainment goals, compared to 0.29 percent and 0.17 percent for the national average; and 0.58 for the Diversity goal, compared to the WICHE score of 0.82. In its analysis and discussion of Nevada performance compared to the western states and the national average benchmarks, RAND suggested that a mix of WICHE and national scores be set as the goals for Nevada higher education over the next ten years. RAND recognized, however, that the goals for Nevada higher education can only be set by the Board of Regents and Legislature (Benjamin et al, 2001).

RAND also recognized that the four goals discussed above were not exhaustive of any full set that Nevada should use to improve its higher education system. The quality of programs and institutions (mentioned previously) was an important concept that RAND did not explicitly consider in constructing its model. Indeed, RAND implicitly assumed that quality was a constant in and throughout all of the considered and suggested scenarios (Benjamin et al, 2001).

The model used data and projections for Nevada’s population to determine the pool of people who needed to be served. The model calculated the rate at which individuals enter Nevada higher education and then advance through the system based on data from the various institutions. From the institutional data RAND collected in 1999-2000, they constructed a variety of scenarios that targeted the four goals mentioned above (access, attainment of bachelor’s degrees, attainment of associates degrees, and diversity).
Figure 8.1. Nevada Must Run Faster Just to Stay Even. Source: RAND, 2001.

As can be seen from Figure 8.1, RAND plotted Nevada’s expected population growth over the next decade. They inserted the performance ratios of the top ten states, the WICHE states, and the average of all 50 states. In an overlay, Figure 8.1 depicts the 2.6 percent annual capacity growth that Nevada was experiencing as well as the likely result of the state’s ability to deal with access issues if there were no capacity growth over the next decade. In both scenarios, utilizing Nevada performance projections, the state fell short of both regional and national averages for dealing with access issues for students relative to the state’s projected population growth.

Academic demand is the foundation and principal driver underlying any access goal. Throughout its analysis, RAND consistently pointed to population growth as the most important element for consideration of any expansion of Nevada’s higher education system. However, population growth alone does not guarantee that Nevada’s citizens will demand access to higher education at any higher rate than historical trends have demonstrated. Nevertheless, RAND stated that Nevada must increase the rate at which its citizens access higher education (Benjamin et al, 2001). At the time of the study, the
access rate (demand for higher education) was among the lowest in the nation. A cornerstone of any plan to expand the Nevada higher education system, therefore, had to include a methodology that leads to increased student demand rates. Specifically, how this was to be accomplished was never addressed.

Appendix A presents data from National Center for Higher Education Management Systems (NCHEMS). NCHEMS collected year-ending 2000 data that included five parameters of matriculation and degree attainment for all 50 states. Those parameters were:

1. Graduation from high school. In the U.S., an increasing number of students do not complete high school by age nineteen. Therefore, a key measure of matriculation is the proportion of ninth graders who promptly attain a high school diploma (see Appendix A, Col. 3).

2. Entry into post-secondary education. Attending college is an elective decision. Rates of entry are conditioned not only by post-secondary capacity and student preparation levels, but by cultural choices and perceived cost versus benefit choices (see Appendix A, Col. 4).

3. Persistence in post-secondary education. Fewer than half of first-time entering students in the U.S. complete a bachelor's degree at the institution they metered within six years (NCHEMS, May 2003). Tinto (1975) tells us that that the greatest year of attrition is the first year of college. A key measure is the proportion of first-year entering students who enroll for a second year of study (see Appendix A, Col. 5).

5. Entering the workforce. The principal policy objective for education is building a throughput pipeline that will eventually enhance the stock of workforce human capital. A key outcome measure is the proportion if individuals with a college credential in the young working age population aged 25-44 (see Appendix A, Col. 7).

Figure 8.2. States’ Ability to Produce Graduates vs. Ability to Keep and Attract Graduates. Source: NCHEMS, News, May 2003.
Nevada, while ranking near the mean of high school students graduating on time, ranked abysmally near or at the lowest levels in all other recently compiled data on student participation (demand), persistence, and graduation (NCHEMS, 2003) (see Appendix A). Figure 8.2 (NCHEMS, 2003) indicates graphically the nationally-lagging performance of Nevada in attracting, keeping, and graduating students with a bachelor’s degree over a six-year matriculation time period. It visually depicts the case for the need to increase demand as the Regents’ topmost priority. A cornerstone of any plan to expand the Nevada higher education system therefore must include a methodology that leads to increased student demand and participation rates.

At this point in their recommendation to the Board of Regents, RAND categorically suggested additional capacity must be made available before Nevada comes closer to matching either the WICHE or national participation rates. It is interesting to note here that this recommendation of expansion prior to any thought or methodology for increasing student demand for access was reminiscent of the early classical economists’ contention that supply generates its own demand. This contention, better known as Say’s Law, was popular over the 125 years prior to the 1929 Great Depression. In today’s lexicon, the popular euphemism of if you build it, they will come, is no longer a political reality, especially in the light of scarce financial resources available to Nevada and its citizens.

In economics, the concept that increasing supply will lead to an increase in the quantity demanded—all other variables held constant, is true. With demand constant, the quantity demanded will increase with a concurrent fall in the price of the goods under discussion. In this case, the variables were enrollment and price (tuition). Merely adding
physical capacity to the Nevada higher education system does not assure that the Regents' quality goals will be met. Indeed, notwithstanding the scarce state resources mentioned above, the reality of building out a system prior to a change in demand—a completely different concept than a change in the quantity demanded, also raised other sets of questions and scenarios: Will the Regents actually lower the prices charged students for fees and tuition? Further, if the goal is a quality higher education, suddenly lowering the price because new facilities mean more capacity (unlikely on its face), may raise the specter of adverse selection—an issue the Regents may prefer to avoid.

In Figure 8.3 below, the initial equilibrium condition exists with a constant demand curve and supply curve (a). Tuition price (a) is charged at the equilibrium point. If the supply of higher education is increased, supply shifts out to supply curve (b). With demand remaining constant and all other variables held constant, the new equilibrium of enrollment demand and tuition will result in tuition price (b). Note that while demand remained constant, the increase in supply did increase the quantity demanded of higher education enrollment—but at a lower price. This condition would persist until, for instance, demand changed and shifted out to the right—perhaps returning to the original tuition price or some other higher level.
RAND stated that participation (demand) rates must grow at roughly 5 percent per year to achieve the average level of the other states (Benjamin et al, 2001). This is an aggressive rate of increase, even more than needed to absorb the doubling of the number of high school graduates expected in Nevada over the next decade. To put this more than doubling of academic demand rate in perspective, RAND used the example of the baby-boomer years from 1964 to 1970 when California increased the percentage of its students entering the higher education system by four percent annually, over that term. Notwithstanding the millions of students classified as baby-boomers, coming of college-entering age in the late 1960s in California, RAND projected that Nevada must increase its participation rate by an even larger percentage. Further, they projected that this can be accomplished by the physical expansion of capacity to absorb the expected rates of academic demand and participation increases.

Nevada State College

Nevada presents an interesting study regarding the change (growth) in academic demand for higher education because the very issue is representative of a correlation with
the phenomenal growth in the state’s population since approximately 1990. In order to define the parameters for a case study in academic need in the state of Nevada, the following population and educational statistics were reviewed: Regents’ White Paper (Alden, 2002a), Census 2000 (United States Census Bureau, 2001), UCCSN collected student data (2002), and NCHEMS (2003); (see Interview Nos. 1, 2, 6, & 8, Questions 3, 5, 7 & 9)).

1. Nevada was the fastest growing state in terms of percentage growth. The state grew at a rate of 28.3 percent between 1990 and 2000. More than 600,000 new residents are expected in the state by 2010.

2. Of the 280 metropolitan areas in the 2000 Census, Las Vegas ranked 32nd in population size with a population of nearly 1.6 million residents.

3. The state’s population growth will be marked by a 40 percent increase in the Hispanic population.

4. Concurrently the white and non-Hispanic population will increase by only 15 percent.

5. One-third of Nevada’s population will be from under-represented groups by 2010.

6. Nevada trailed most other states in the percentage of its high school graduates who enrolled in higher education and continued until they successfully earned a degree.

7. Of the 40 largest metropolitan areas, 38 had three-tier higher education systems. Three-tier systems have at least one institution that emphasizes associate’s degrees (community or junior college), one institution that emphasizes bachelor’s degrees (community or junior college), one institution that emphasizes bachelor’s
degrees (state college); and at least one institution that emphasizes graduate
degrees (university).

8. Las Vegas was one of two metropolitan areas in the 2000 Census that did not
have a three-tier system, and it was the only area that did not have a separate
baccalaureate institution.

9. From 1991-92 through 1997, Nevada increased its number of public high school
graduates by 28.2 percent compared to the national median of 5.6 percent.

10. The educational attainment level of Nevada’s overall population was well below
national averages at the associate’s and bachelor’s degree levels.

11. Clark County in Southern Nevada (Las Vegas Metropolitan Statistical Area) had
added an average of 1.5 high schools per year between 1989 and 2001.

12. Nevada high school graduates were projected to increase by 41 percent from 2000
to 2010.

13. Nevada had the lowest percentage in the nation of high school graduates going on
to college. In 1996, the national average for the high school to college
continuation rate was 59 percent. Nevada’s average was 39 percent.

14. Nevada has a compelling need for basic education and workforce training for its
citizens—a specific mission segment of community colleges.

15. Nevada has very distinct regional differences, both economically and
demographically, that affect the delivery of higher education as well as individual
academic programs.

16. The distribution of population in Nevada makes it simultaneously one of the most
urban states in the nation and one of the most rural.
17. Characteristics of the state’s demographics and economy as a whole sometime work against the perceived need for higher education.

**Setting**

The physical setting for Nevada State College (NSC) changed dramatically since the project was approved by the Regents and the Legislature. The NSC campus was temporarily housed in a former industrial building at the western termination of Wagon Wheel St. in Henderson, Nevada. Originally, the site was to be near the center of urbanized Henderson, the second largest city in Nevada. Financial, political, and environmental circumstances necessitated a move to a more remote non-urban location near the boundary of populated Clark County. The current site does have nearby freeway access, as U.S. 95, approximately one mile due east of the Wagon Wheel exit. Wagon Wheel is the last exit prior to leaving the Las Vegas Valley as U.S. 95 proceeds southeasterly toward its outlying neighbor, Boulder City. Figure 8.4 depicts the general location of the NSC campus.
The RAND Corporation, consultants to the Nevada Board of Regents, observed that, “The state of Nevada will fail if it does not respond effectively to the necessity of providing quality educational opportunities to a growing and diverse population, both now and in the future. Recent state-by-state comparisons have placed a spotlight on inadequacies in Nevada’s higher education system at the same time that demand is building for quality services and a lifelong career-based economic environment” (Benjamin et al, 2001).

The current physical capacity and funding of the UCCSN was deemed by RAND to be incapable of meeting the increased needs for college-educated workers in the long term. Without significant higher educational reform, Nevada will become even more dependent on individuals trained and educated outside the state. According to the
UCCSN mission, all youth and adults in Nevada should have the opportunity to gain from the post-secondary education they need for a bright economic future (UCCSN Master Plan, 2002).

The Goals: Quality and Access

Nevada’s Board of Regents has determined that the state’s colleges and universities must be of the highest possible quality while simultaneously providing sufficient access for its citizens. Most in the world of higher education would agree that there is a universal demand for quality; however, many fail to reach a consensus or agreement on what quality means for each part of the higher education sector. Nevada faces many demographic pressures with the most rapidly growing population in the United States. For the Board of Regents, those pressures are coupled with the subsequent demand for growth of a higher education system (see Interview Nos. 1 & 2, Question 3). Other states have faced the demand for more higher education by utilizing scarce resources primarily to fund growth at the expense of preserving or increasing quality. In the long run, both the Regents and RAND postulated that this approach was not fiscally or educationally prudent (Benjamin et al, 2001).

The discussion of quality and access can never be limited exclusively to higher education, but must also involve the pre-K through 12 system and continuing education for adults. Further, quality must be understood in terms of both national and international standards of excellence. Historically, Nevada has shown some sensitivity to ensuring access to higher education in the state. For many years, it has been part of a consortium involving fifteen western states that have agreed to offer reduced tuition to students from neighboring states. This consortium is called the Western Interstate Commission on
Higher Education (WICHE). Membership in WICHE certainly addresses access, although not necessarily for Nevada residents. In the current environment and certainly in the long term, quality, new admission standards, and equitable access will require that students receive an excellent K-12 education. It is not enough to say that the K-12 system must simply commence performing at a higher rate of preparation for its graduates; UCCSN must work with the public school system to ensure that the standards for success in higher education are well known, articulated, and disseminated throughout the state K-12 system—a comprehensive and long-term task.

The Means: Efficiency and Accountability

According to RAND, its interview data suggested that everyone with whom they consulted agreed that criteria for effectiveness and efficiency were important to delineate, that the current criteria were unclear, and the data systems required to analyze the issues of quality, access, efficiency, and accountability were inadequate (Benjamin et al, 2001). The RAND analysis clearly pointed out that in its opinion, the issues of efficiency and accountability would ultimately be solved by policy decisions that focus on institutional mission differentiation.

Prior to September 2002, Nevada operated under a two-tiered system of higher education. There were two comprehensive universities and four community colleges. RAND concluded from its analysis that Nevada must decide how it wished to expand its system to resolve quality and access questions. RAND briefly considered expanding the community college system to increase quality and access. It examined data supplied by UCCSN and then concluded that relatively few people transfer from the community college campuses to four-year programs. RAND stated that they were told by UCCSN
staff and administration that, “Many students come to college inadequately prepared in high school, do not aspire to a four-year degree, or become alienated by virtue of the lack of program and admissions articulation between the community colleges and universities” (Benjamin et al., 2001). RAND considered the community colleges as an “entry mechanism” for students. They acknowledged that community colleges offer post-secondary education and training at a lower cost than universities. RAND believed that community colleges need to target their admissions to multiple constituencies—particularly workforce preparation, adult education, and remedial education. In its report, RAND did not meaningfully address any articulation issues regarding students taking general education course work preparatory to transferring to four-year universities, nor did they explain why substantive articulation issues exist. In one paragraph, RAND dismissed the potential for the academic expansion of the community colleges to address access, quality, efficiency, and accountability. The lack of further mention regarding community colleges involvement in meeting future academic demand appeared to represent a void in any equation or calculation reflecting matriculation or advancement to a four-year degree. The omission leaves a reader wondering about the quantity of students leaving community colleges without a terminal associate’s degree and instead transferring to a four-year institution. It would seem that this quantity of gross student transfer might actually represent a significant portion of participation for the four-year institutions and thus a credible element of academic demand. A subsequent section discussing Nevada State College examines community college articulation in greater detail.
After dismissing the expansion of Nevada’s community colleges as insufficient vehicles for meeting the goals of quality and access, RAND immediately launched into a recommendation for the creation and establishment of four-year colleges. RAND stated “We believe the state would best be served by developing four-year campuses. A minimum of three to six separate four-year institutions might be established over the next decade” (Benjamin et al, 2001). While RAND dismissed the community college expansion concept for mission differentiation reasons, the educational public policy organization did recognize the dangers and pitfalls of “mission creep.” This recognition came in the context of colleges attempting to be all things for all people (see Interview Nos. 1-4, 6 & 8, Questions 3&4). In recommending three to six individual four-year colleges for Nevada, RAND acknowledged the possibility of inefficiency or mission creep entering the equation. For this reason, RAND stated that the Board of Regents should establish clear mission specification wherein college campuses would be established geographically where needed and where technology, both existing and potential, can be utilized optimally. The tone and intent of this recommendation was that Nevada’s four-year state colleges should be narrow in scope and avoid attempting to provide bachelor’s degrees over too wide a spectrum.

Planning for NSC began in September 1999 with the establishment of a legislatively created advisory committee to assess the need for a new institution of higher education in Nevada and, if needed, to implement a plan of action for its development. In August 2000, the Board of Regents approved the establishment of NSC and appropriated funds for the college in its biennial capital budget. Shortly thereafter, in January 2001, the Legislature included NSC in its budget, approving $23 million in capital costs ($10
million of which was to be raised from the private sector) and $4.4 million for operating expenses for the initial founding class of 2002-2003. Additional funding of its support for the new college was to be enabled by the board of a fourteen-member NSC Foundation. The land for the campus was expected to be provided by the Federal Bureau of Land Management. By adding this tier, UCCSN hoped to focus more on research and post-graduate studies at the state's two universities while the mission of the community colleges would continue to be to support workforce education and academic credit for transfer students. Although planning for additional institutions in the state college sector had not been formalized, there were consultant recommendations (RAND, 2001) and discussions about establishing as many as six colleges in the middle-tier sector over a period of time (Alden, 2002a), (see Interview Nos.1 & 2, Question 3).

Prior to the formal establishment of the new state college, the Legislature in the 1999 biennial session had provided $500,000 in funding support for an advisory committee. The advisory committee was to assess the demand for the establishment of a new state college in Henderson. The advisory committee met nine times and held eight public forums at various campuses of the UCCSN about the needs assessment task before them. The forum meetings included the following discussion areas: an overview of higher education in Nevada, the need to create a new institution, the proposed four-year state college, and discussion of the opportunities and costs related to the creation of a new four-year state college.
Assessment of Higher Education Demand in Nevada

The first task undertaken by the advisory committee was a needs assessment to determine if the creation of a new four-year state college was necessary. How to determine the demand for a new state college and how to complete an assessment were tasks reviewed by the advisory committee at its first meeting. UCCSN officials indicated to the advisory committee that they should take into consideration the timetable set by the Board of Regents for development of the system wide 2001-03 biennial budget request (Legislative Counsel Bureau (LCB) Bulletin No. 01-9). The needs assessment, therefore, would need to be completed and forwarded with endorsement to the Board of Regents by January 2000, thus effectively capping the time frame for completion of the needs assessment process to a maximum of four calendar months.

At its first meeting in September 1999, the advisory committee discussed the merits of utilizing a consultant to develop the preliminary road map of an assessment of the need for a new four-year state college in Nevada. However, UCCSN staff indicated that an overall consultant for the project would not be necessary. Further, UCCSN staff did offer to guide and help direct any outside consultants retained by the advisory committee for the needs assessment project. The advisory committee concluded that it would be efficient and beneficial to have UCCSN personnel develop information on the need for a new four-year state college (LCB Bulletin 01-9, 2001, p. 6).

The assessment of demand information was divided into six areas including information on access, enrollment, human capacity, cost, economic development, and options available to the advisory committee. In determining the initial feasibility, the committee decided to answer the question: "Is another institution of higher education
needed in Nevada to meet the need for access, institutional diversity, geographic availability, or economic development?" (LCB Bulletin 01-9, 2001, p. 6).

For the discussion of the access question, the committee examined projected population growth statistics for the years 1999-2010 (see Interview Nos. 4, 6 & 8). Consistently, as many public reports have indicated throughout the decade of the 1990s, Nevada has been the fastest growing state in the nation (United States Census Bureau, Census 2000). In the projected period 1999-2010, southern Nevada was expected to increase its population by 62 percent while growth in northern Nevada was projected to increase by 18 percent (Nevada State Demographer, April 1998). According to the WICHE, the number of high school graduates in Nevada was projected to grow faster than any state in the nation. WICHE projected that by 2010 the number of high school graduates in Nevada would increase by 134 percent. In raw numbers, this would represent 24,300 high school graduates in the year 2010 (WICHE, 1996).

However, while Nevada had an increasing number of high school graduates, the matriculation (or continuation) rate of students going on to college was extremely low. The percent of high school graduates that continue on to college was only 39 percent in 1999 – a historical average and represented the lowest rate in the nation (NCHEMS, 2003). The average college continuation rate for the United States was 59 percent (NCHEMS, 2003).

**Key Demand Assumptions**

Addressing the initial feasibility for a new four-year state college, the advisory committee officially considered the following as key assumptions relevant to the calculation of the demand for a new four-year state college (Nichols, 1999):
1. Demand for additional baccalaureate-level capacity will continue to grow at a dramatic rate.

2. The need for more baccalaureate-level instruction is given by several subsets of population growth.
   a. An expanding population growth in Nevada, especially in southern Nevada and in a college-age population.
   b. The Board of Regents’ commitment to improving access to the citizens of Nevada.
   c. The new Millennium Scholarships that will eliminate financial barriers for many.
   d. Continuing increases in the number of high school graduates.
   e. The desire on the part of citizens for more higher education and additional degree opportunities as well as the desire on the part of citizens for more choices in the delivery of higher education in Nevada.
   f. An aggressive effort on the part of the state’s Commission on Economic Development, regional economic development authorities, and city economic development departments to attract high-tech industry to Nevada.
   g. An increased demand from business and industry for a highly trained and educated workforce.
   h. Continued demand for public school teachers, especially in Clark County.

3. More specifically, projections for the year 2010 were based on the following assumptions (LCB Bulletin No. 01-9, 2001):
   a. A 62 percent population growth in southern Nevada.
b. Nevada high school graduates are expected to grow by 160 percent. In Clark County, the number of high school graduates is expected to increase from 7,385 to an estimated 19,200.

c. An improved college participation rate from 39 enrolled students per 100 (39 percent) to at least 55 students per 100 (55 percent). (LCB Bulletin No. 01-9, 2001, p.8)

d. An improved “going to a UCCSN college” rate from 25 percent of those attending college to 45 percent as a stated Regents’ goal.

e. An estimated 6,000 high school graduates were eligible for the Millennium Scholarship in the first year (2000). The number is expected to approach 17,000 by 2010. (The Millennium Scholarship is an initiative by the Nevada governor wherein high school students with a 3.0 GPA receive scholarships ranging from $1,500 to $2,500 annually from the Millennium Scholarship Trust Fund, administered by the Nevada State Treasurer.)

f. Expected increase from students who transfer from Community College of Southern Nevada (CCSN).

The advisory committee accepted the demand estimates by the UCCSN staff based on two critical assumptions: The high school graduation rate would continue to increase in the years 1999-2010, and the matriculation and completion (graduation) rate would rise from the worst in the United States to near the national average within the 1999-2010 time period.

In the list of official advisory committee and Board of Regents demand assumptions stated above, two had specific policy ramifications. The first was the inclusion of the
Millennium Scholarship as a factor that would eventually increase demand for access to higher education. The Millennium Scholarship was funded by the state’s pro-rata share of the National Tobacco Growers Settlement Trust Fund and was crafted by the governor with the explicit intent of stimulating demand for higher education while reducing the parent’s and/or student’s financial burden of such attendance. A second demand stimulant on the official list was the mention of economic development spurring the demand for higher education. In its descriptive language commenting on economic development as a stimulus for academic demand, the advisory committee stated that, “A highly educated workforce could attract a variety of new industry to southern Nevada that would assist economic development efforts and produce higher paying jobs. The establishment of a four-year institution would keep more students in Nevada and support business while improving the educational level of the workforce” (LCB Bulletin 01-9, 2001). The preceding statement by the advisory committee regarding economic development contained certain subjective language that is difficult to evaluate in terms of providing either demand or a benefit to the system, the local institution, the community, or in a macro sense, the citizens of the state. When making comparisons of the decision-making processes, it is interesting to note that all of the other states (Florida, California, and Oregon) specifically excluded considering economic development as a demand factor in analyzing the feasibility for a new institution. The chief reason behind the other states' decisions to exclude this particular facet from its decision-making policy regarding enrollment projections and academic demand was that predicting economic development benefits is an uncertain science, given the ebbs and flows of business cycles.
(see Interview No. 8). The California policy, in particular, considered that student demand was an independent variable not subject to the effects of economic development.

**Summary of NSC Needs Assessment**

The feasibility assessment of academic demand completed by the UCCSN staff supported the need for another higher education institution in Nevada based on the following factors (LCB Bulletin No. 01-9, 2001):

1. **Access.** Student demand for higher education will surpass the current projected capacity of Nevada’s higher education system. The Board of Regents’ goal to increase baccalaureate production would be enhanced by the creation of a new four-year state college.

2. **Institutional diversity.** Students seeking a publicly supported baccalaureate degree in Nevada have two choices: community college or a doctoral or research university. Establishing a four-year state college would add a third-tier institution in the state that would provide additional educational choices for Nevada’s students.

3. **Geographic availability.** Many students in Henderson currently attend University of Nevada, Las Vegas (UNLV) or CCSN.

4. **Economic development.** There’s a strong link between economic prosperity, higher wages, and business development. A state college can help support economic development in Henderson if designed to do so.

5. **Reduced cost and affordability.** The cost of educating a student is less at a state college than at a doctoral-granting institution. Therefore, funds provided to a state
college would provide instruction to a greater number of students compared to instruction provided at a university campus.

Consideration of Alternatives

The above list of demand and feasibility assumptions prepared by the UCCSN staff was accepted by the advisory committee. However, the committee also indicated that they were interested in considering alternatives. The advisory committee considered a number of different options identified by UCCSN to address the projected higher education demand in southern Nevada (see Interview No. 5, Question 5; Interview No. 3, Question 7; Interview No. 4, Question 6; Interview No. 6, Question 6; Interview No. 8, Question 6) The options that were addressed included:

1. UNLV branch campus in Henderson. The committee looked at Arizona State University (ASU) and for a model--their West Campus branch. The ASU-West campus is a complete campus, with all support services being provided on the site. The West Campus offers selected four-year degrees that can be completed entirely at that location. UCCSN indicated that in analyzing this model, they identified no cost savings. UCCSN staff also stated that a “branch campus still resulted in limited student choices because it would not be a distinctly new institution” (LCB Bulletin No. 01-9, 2001). Some critics had difficulty with the clarity and interpretation of the previous statement, as it related to access and academic demand (Patton, 1999).

2. UNLV expansion onto CCSN’s Henderson campus. This model had been utilized in Texas, Illinois, Michigan, and Idaho. As discussed earlier, it was
simultaneously used by the Oregon State Board of Higher Education in analyzing the demand for Central Oregon University. This model would utilize CCSN for the first two years of instruction, and UNLV would provide the second two years of instruction. Selected four-year degrees would be offered at the Henderson Campus of CCSN, and this option would provide reduced administrative costs. UCCSN staff, in making a negative recommendation to the advisory committee stated, “However, decisions and coordination problems would likely increase” (LCB Bulletin No. 99-01, 2001). Again, some readers of the Legislative Counsel Bureau’s final report had some difficulty with the clarity and interpretation of that excerpt, especially as it was provided as a policy statement.

3. CCSN to offer four-year degrees. The LCB Bulletin noted the advisory committee realized that this model was in place at Utah Valley College. LCB Bulletin No. 99-01 states that this option would result in reduced administrative costs but lacked the four-year college environment because the first two years would be at the community college level (see Interview Nos. 3, 6, & 8). It may be possible that an expanded CCSN Henderson branch facility might be adequate to add select four-year degrees. Nevertheless, the advisory committee discarded this potential alternative.

4. Expand distance education. Under this model, all courses would be delivered by distance education to that site. UNLV and its northern Nevada counterpart, the University of Nevada, Reno (UNR), could provide the upper division programs needed by using distance education delivery systems. This model would not require much in administrative costs and accreditation problems would be
minimized. However, UCCSN staff stated that, “Distance education does not appeal to all students, is not comprehensive, and there typically is not much community support for that type of model” (LCB Bulletin No. 01-9, 2001).

5. Establish a four-year state college. While no model was specifically identified in the official advisory report, UCCSN staff indicated that Southern Oregon University and Evergreen State College in Washington might represent potential models if a new four-year state college was recommended. UCCSN staff also noted that “the establishment of a new college would require a high level of effort in the area of accreditation, as well as community support” (LCB Bulletin 01-9, 2001) Land would also need to be acquired for a college site and taxpayer-supported capital and operating funds would need to be provided by the Legislature.

More specific data and statistical analysis are proffered and analyzed in Chapter Nine. In Chapter Nine, the analysis of the academic demand for higher education in all of the case study institutions described earlier is more thoroughly discussed. This perspective of Nevada higher education public policy, the needs assessment, and positive recommendation to the Board of Regents was constructed from estimates of population growth and projected exponential gains in matriculation and completion rates by high school students in the future.

When state higher education systems commence discussions about either expanding or building new facilities or campuses, the first issue they should be concerned with is assessing accurately the need for such growth. In this chapter, the concept of academic need or demand was analyzed by an historical review of consultants’ and UCCSN
staffers' writings on the topic. The review of the recent relevant literature pointed out some difficulties in classic empirical studies using time-series, cross-sectional, or (panel) combinations of those approaches in terms of the robustness of the results. Education economists have also looked qualitatively at the problem of assessing academic demand. They often find demand for higher education to be amorphous and difficult to exactly and precisely define (Becker, W., 1992). They turn to theoretical approaches like human capital theory attributes, opportunity costs, investment goods, and consumption goods as explanatory alternatives to fine-tune why students attend and why they stay. Answers to those questions are what governing board policymakers and legislative decision-makers are vitally interested in discovering, for they have the responsibility and authority to increase the supply of higher education in response to the perceived demand. The following chapter discusses the methodology used in analyzing the public policy choices made after academic demand was determined.

State Resources

The Nevada legislature accepted the recommendations of the advisory committee and voted to fund NSC via a start-up operating budget in the 2001 session. The legislators did put enrollment thresholds on the continuation prospects of the new institution in terms of increasing FTEs. A public record of serious questioning of the demand estimates by legislators was not part of the Needs Assessment final report or in other related documents. That is because there were no serious questions asked of the advisory committee members (two of whom were legislative colleagues), the approving higher education governing Regents (two of whom also served on the committee, or of the
needs assessment data-colleting UCCSN staff (who prepared the analysis). NSC did not meet its opening enrollment estimates. It has not met any subsequent FTE projections modified from the original forecast. From an operating budget perspective, NSC was over funded, given the Nevada system approach of appropriating support based on demand projections over each new two-year budget cycle.

The local Henderson supporters stated early and often for the record that if the legislature built the campus, local philanthropists would contribute to the operating costs of running the institution. One company did eventually donate land for the college. In the enabling legislation, the legislature did put restrictions on future operations and capital funding based on thresholds of private sector fundraising. Private contributions in the fiscal years ending June 30, 2002-05, never met the forecasted goals (see Interview No. 1 Question 10; Interview No. 2, & 3 Question 12; Interview No. 6, Questions 12 & 13; and Interview No. 9, Question 12). The 2005 legislature over-rode itself and forgave a $10 million shortfall in donations that were originally to be part of a capital building plan’s matching appropriation (see Interview No. 8, Question 12). No impartial observer could examine the NSC finances and claim the state fell short in supporting the new college. That same impartial observer might ask why the state funded the low-performing institution so inefficiently.

The Role of Politics

NSC came into existence despite some crucial flaws in calculating academic demand. Those miscalculations created a funding mechanism that inefficiently overspent taxpayer payments when the expected students—both headcount and full time equivalents—did
not enroll. In 1999, the Nevada legislature created an advisory committee to assess the demand and other needs for a new state college in southern Nevada. The legislature acted on the advice of a consultant retained by the Regents to assess higher education in the state. The consultant RAND Corporation, estimated future need or demand based on one of the classical determinants necessary for establishing demand. RAND forecast strong population growth in the state over the succeeding 20 years, necessitating as many as six new colleges or universities. Population can and might shift demand, however, RAND failed to consider the historically low matriculation and graduation rates in Nevada and the reasons why this was the case. Nevertheless, they promoted an impending facility crisis if Nevada did not build enough new colleges to meet the growth. The politically charged advisory committee composed of four experienced elected politicians and one public employee took the population growth impact on higher education from RAND at face value. Historical data in the committee’s record supported this circumstance. The committee’s political power carried the legislature along with the tide with no voices being heard regarding the historical matriculation and graduation rates. The approval with overstated demand estimates led technically to an over funded institution even in an era of declining state appropriations as a percentage of overall support (see Interview No. 2, Question 16). Power at the state level, in the Regents and in local Henderson political and social circles diffused and obliterated the facts—there was not sufficient demand for creating NSC at the time of the political approval (see Interview No. 4, Question 9 & 16). Nevada may well need a new state college, but taxpayers would have been better-served if there were a non-partisan process in place to mitigate pure political influence.
System Effectiveness

Effectiveness was not demonstrated by the assessment process used by the UCCSN system. The UCCSN was considered ineffective in terms of procedural accuracy and stewardship of educational public policy. The advisory committee, UCCSN, and state Legislature accepted a flawed calculation of academic demand and did not seriously consider alternatives. As a result, NSC did not meet initial FTE goals and thus was initially over-funded. The Legislature approved a budget based on flawed projections. As a result, they mismanaged state financial resources and jeopardized public trust. The Nevada case study demonstrated that politics may be the most important parameter when special interests are involved. This is not to say that the concept of establishing NSC was ill advised in every context; rather, the perception was that an ineffective analytical and political process led to a flawed and expensive implementation of public policy.
<table>
<thead>
<tr>
<th>Ineffective</th>
<th>Effective</th>
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<tr>
<td>Academic demand: Determinants less than fully considered</td>
<td>Academic demand: Determinants fully considered: (income, population, substitutions, expectations, tastes &amp; preferences)</td>
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<tr>
<td>State financial resources: Unfunded or partially funded</td>
<td>State financial resources: Funding requirements fulfilled by accurate/valid enrollment projections</td>
</tr>
<tr>
<td>Alternatives: Limited or superficial consideration of H.E. alternatives and state capacity utilization</td>
<td>Alternatives: Full analysis of H.E. alternatives and state capacity utilization</td>
</tr>
<tr>
<td>Politics: Less influential on policymaking and decision-making</td>
<td>Politics: Highly influential on policymaking and decision-making</td>
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Figure 8.5. A Public Policy Performance Rubric for the Nevada State College.

The rubric in Figure 8.5 depicts the level of effectiveness demonstrated by the Nevada UCCSN as empowered by the advisory committee, Regents and legislature. It showed that the system was ineffective in assessing the dimensions of academic demand, consideration of alternatives and use of state resources. On the other hand, the exercise of political power was most important in the creation of NSC—trumping most empirical evidence of perceived need which, in turn, drove the decisions affecting resources and alternatives.

Nevada did not have an independent higher education regulatory authority to make policy and financial recommendations as did Florida, California and Oregon. The
advisory committee did seek some level of public input, but it was not widely dispersed away from Henderson. Overall, the UCCSN bears the burden of advancing a public policy using public financial support that was inefficiently prepared and enacted.
CHAPTER NINE

DATA AND INTERVIEW SYNTHESIS

Introduction

When this project was researched, a considerable amount of data and observations of actions by various individuals and entities were collected in order to facilitate the policy analysis aspect of the study. Research was conducted and interviews were obtained at the physical locations of all of the case study model institutions except one – Central Oregon University in Bend, Oregon. In the case of the Central Oregon University, interviews were conducted in Portland with the Oregon State University System Chancellor and later by phone with the Oregon State University-Cascades campus President. All other data were gathered and collected on site at Florida Gulf Coast University, California State University Monterey Bay in Monterey, California, the CSU System Office in Long Beach, California, and California State University Channel Islands in Camarillo, California. Research and interviews regarding Nevada State College were conducted in the Las Vegas metropolitan area as well as in Santa Monica, California, Pomona, California, and Carson City, Nevada.

Chapters Four through Eight presented the results of the analysis of the physical artifact data collected and the interviews conducted with regard to the four dimensions of needs assessment pursued by this study; important factors from the extant literature for the consideration of forming a new state college.
The first segment of the data analysis involved a synthesizing of the common assessment documents used by the case study institutions, or a more focused analysis of the artifacts inherent to all of the institutions. Each state organized their assessments differently, yet the needs assessments contained the same typical data. Artifact analysis as described in Chapter Three involved an interpretive probing of the four dimensions whereby state university governing boards and/or higher education planning agencies were able to arrive at a conclusion regarding the recommendation to form a new state college. In all cases state higher education systems, governing bodies, and/or legislatively appointed agencies became responsible for performing a demand/needs assessment for the proposed new institution. Those needs assessment documents became the artifacts of interest for this particular study. The completed artifacts commonly resulted in a public document that described the process by which the planning agencies or governing entities undertook their fiduciary responsibilities of ensuring that the various proposals for new colleges met standards related to the demand for higher education as well as documenting the assurance that the institutions were financially feasible. For consistency, the artifact analysis of the five institutions was approached from a systematic perspective in chapters four through eight. Each new college was examined in relationship to the first four research questions:

1. What was the academic demand or need for each of the five institutions?
2. What state resources were available in each if the five institutions?
3. What alternatives to the creation of a new institution were considered by the organizers of each of the five institutions?
4. What were the political considerations in each of the states as they arrived at the decision to create a new institution?

The artifact analysis followed a consistent thread of this study by commencing with Florida Gulf Coast University and then following in order California State University Monterey Bay, California State University Channel Islands, Central Oregon University/Oregon State University – Cascades, and Nevada State College. That is the chronological order in which the institutions were opened. Interjected just before Nevada State College (in Chapter Eight) was a population growth-study prepared by the RAND Corporation for the University and Community College System of Nevada, Board of Regents (2000) that recommended the establishment of a number of middle-tier colleges in the state of Nevada.

Focused Synthesis of Artifacts

*Comparison of Systems’ Effectiveness*

From the individual case study institutions, the state higher education systems’ performance on the needs assessment process for effectiveness was aggregated. (see Figure 9.1) This comparison addressed research question No. 5: *How did each of the states’ policy processes fare in an analysis of the effectiveness of the four dimensions listed above?* The state college governing systems and legislative processes in California and Florida demonstrated over several decades that they are effective stewards of taxpayer support of public higher education. Oregon, a smaller state with multiple existing middle-tier state college campuses, also demonstrated effectiveness—especially given the hard fiscal choices the Governor was forced to make in 2003. Dealing with
declining state resources, an already highly-taxed populace and an available (if originally unpopular) alternative solution - he elected to open a branch of Oregon State University versus building a free-standing new college (see Interview No. 9, Question 16). This certainly enabled the state to take advantage of systematic economies of scale therein maximizing effectiveness in terms of academic programs, campus resources and alternatives considered. Conversely, the Nevada system demonstrated little effectiveness in their flawed approach to calculating academic demand, the confused state fiscal approach to funding NSC, and the lack of serious consideration of potentially more efficient alternatives. In particular, the fiscal issues appeared to many to be evidence of a confused approach to public support.(Patton, N. 1999, April 10, November 4) The legislature accepted the flawed demand calculations and subsequent FTE projections that at all other campus branches led directly to formula driven public support. Newspaper accounts at the time confirmed many of the public concerns regarding fiscally confusing financial support, alternative sites and process effectiveness. The confusion arose when the legislature put a near 100% private fundraising requirement on several first-year and future year program funding. (Patton, N., 1999, April 1, April 3, April 10, May 11, September 4, October 2). Putting such high thresholds of fundraising on college operations led many to wonder about the sincerity of legislative support—did they believe in NSC, or were legislators swayed by politics (Patton, N., 1999, November 8; see Interview No. 8, Question 16;). On the other hand, Nevada’s legislature and UCCSN demonstrated that political influence was what was critical in approving and funding special interest projects. Those interests were still powerful in 2005, when the legislature repealed most of the private fundraising requirements that never were accomplished.
Interview Analysis

The second major component of the qualitative analysis was a discussion of the interviews conducted with stakeholders of all of the institutions. Interviews were conducted with stakeholders using a common interview protocol (see Appendix B) in an attempt to elicit responses to similar research question issues, problems and conditions faced by planners of new middle-tier, publicly-funded state colleges. The responses to the individual questions differed in many respects; however, in others they were quite similar. All of the sixteen questions were of an open-ended type which allowed for follow-up questions by the interviewer. Due to availability of public information and other sources, not every query in the question set was asked of every stakeholder. In most of the interviews, the respondents would answer one or more questions in the course of a specific directed question—yielding great spontaneity and synergy in the Q & A sessions. Most interviews lasted an hour and a half and were conducted over a period of approximately one year from spring 2003 through spring 2004. Typical respondents included university system executives, system planners, legislators, education

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**Figure 9.1. Aggregate Comparison of System Effectiveness and Performance.**

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consultants, regents or governing board authorities, and campus administrators. The interview protocol and the actual interviews appear in Appendix B. The four principal dimensions of this study were the focus of the in-person interviews.

The assessment of academic/enrollment demand had a primary focus on potential student demand for matriculating at a middle-tier type of institution. A middle-tier institution is a college that normally is positioned between universities and community colleges. It would function much like a liberal arts/teachers college with limited or no graduate programs or degrees and often limited undergraduate programs. For example, the needs assessment artifact for NSC went to great lengths in describing the need for two primary programs—education (teacher training) and nursing. However, the document appeared to use fuzzy math in actually calculating projected student demand. In the Nevada-based interviews of stakeholders for a middle-tier college, the respondents acknowledged that the analysis used total actual high school graduation figures in Nevada as the target population. However, even while acknowledging the state’s historically low ranking for matriculating students into college (the 32-34 per cent participation rate), the artifact analysis writers used the higher (overall graduation) rate as the potential student universe for middle-tier enrollment projections. This method of calculating potential demand for middle-tier participation ignored the existing percentage of high school students choosing to matriculate at either of the state’s universities. It effectively overstated the demand for higher education in general and ignored any cannibalization effect by the community colleges and universities. More emphasis should have been put specifically on the potential demand for a middle-tier education.

Summarizing, it is true that the graduating seniors are the state’s potential college
participating universe (discounting for out-of-state students), yet annually only about 32-
34 percent of Nevada seniors actually go on to a college (LCB Bulletin 01-9, 2001).

In other interviews, questions about academic demand were asked of administrators
and campus leaders of higher education systems in Florida, California and Oregon. In the
various state artifact documents (discussed earlier in Chapters Four through Eight) and
reinforced in all of the interviews, the higher education systems or governing boards in
those states required certain FTE thresholds to be met by branches or Centers prior to the
submission of proposals for free-standing university or college campuses. Most
commonly the thresholds were at least 500 FTE for the establishment of a Center from a
branch or local outreach effort. California rigorously requires 1,000 FTE prior to
submission of a proposal for a Center to be developed into a full college campus. Nearly
all of the California State University system campuses built since the late 1960s have had
to meet this requirement and demonstration of localized student academic demand. The
newest (and 10th) University of California campus at Merced had to hold off three years
until student demand built at three centers in the state’s Central Valley region. Florida
followed this general guideline closely in the construction of the last five of their ten-
campus university system. The regional Central Oregon University Center after ten years
of planning finally got FTE to an acceptable level but ran into a downturn in the state’s
economy and had to abandon the free-standing concept in favor of a regionalized branch
of Oregon State University (OSU). Still, OSU demanded FTE be authenticated prior to
the expansion in fall 2003.

The interviews divulged an apparent burden for the Nevada Legislative Advisory
Committee when they assessed the category of costs (which led to the level of required
state financial support). They did not attach much rigor to the analysis. The Committee utilized UCCSN staff which took the state high school graduation total projections as out-year forward enrollment projections—again, not realistic historically—and then laid the state's Full Time Equivalent (FTE) per student spending template over those figures. When asked about the cost figures and demand projections and how they were derived or obtained, one interviewee (see Interview No. 1, Questions 7 & 10) replied that "state demographers did that stuff." Once accepted, the FTEs yielded a top line funding (revenue) figure for a gross budget. Formula operating expenses for an enrollment of, at first 1,500, then 1,000, and finally 500 FTE were approved then subtracted from the top line. This process lent itself to an over-budgeting of the initial projected, but not realized demand. The final September 2002 opening enrollment numbers were 180 students, but only 118 FTE. In addition, other costs were added to cover the new administrative and staff positions necessary to manage a start-up environment. Forced to attract and enroll real students at a branch or Center prior to building a campus, the other case study states had a more accurate feel for state funding requirements, levels of service costs, degree programs and faculty costs, etc. Waste in California, Florida and Oregon was largely minimized and efficiency was maximized following the actual, not potential, demand approach.

A third primary area of interview inquiry was the methodology used in Nevada to evaluate possible alternatives for either building a new middle-tier campus or to assess the potential for expanding the mission of either CCSN or UNLV to accommodate more teacher and nursing undergraduates. This question in the assessment and throughout the interviews was answered unanimously by the Nevada interviewees—they mentioned
both CCSN and UNLV, but did not seriously consider either institution as an alternative or even interim solution. The responses in the interviews were consistent. Yes, both had a physical infrastructure in place; however, according to the Nevada interviewees, neither CCSN nor UNLV’s missions or faculty infrastructure was amenable to the proposed mission at NSC. Expanding CCSN would mean raising the salaries of the faculty, thus upsetting or even losing their emphasis on heavier teaching loads with minimal or no research requirements. Nevada interviewees opined there would be longer-term accreditation issues if not problems in expanding CCSN. In other words, mission creep would occur. For UNLV, the issue was the other way around. More teaching would be required with less time or emphasis on research, plus current salaries would be out of range on the high side for a budget associated with a teacher’s / liberal arts college. That would be anathema for an erstwhile research university. (see Interview No. 3, Question 14). The Nevada interviewees feared that at UNLV mission slippage would occur. The committee quickly dismissed the idea of utilizing existing institutions as alternatives. In the interviews, however, two Nevada Regents indicated that in hindsight, a satellite operation at either UNLV or CCSN could have worked until the FTEs were sufficient to merit capital funding for a separate campus (see Interviews Nos. 1 & 2, Questions 5 & 6). That was the model all the other case study colleges followed. Indeed, all of the case study examples required a center or branch as an initial step. California State University Monterey Bay rose from the Monterey Bay Center. California State University Channel Islands rose from California State University Northridge-Ventura branch. In Florida and Oregon, the proposed new state colleges arose from both an extension of a community college facility and a sister four-year branch in the state system. California, Florida and
Oregon determined that the most effective way to demonstrate actual demand was to take advantage of existing alternative facilities prior to the commitment of taxpayer support for a free-standing campus.

The fourth primary issue in the artifact and in the interviews dealt with the role of politics in the decision-making process. All of the interview participants voiced their opinions about the state politics that had to be played to get a new public college approved and funded. The political forces aligned for and against the proposed NSC were similar to the political positioning regarding higher education expansion in the other case study states. While legislatures want to politically safeguard the public tax burden on such a large and long-term capital and operating financial commitment, the political task (once the individual guidelines or threshold requirements were met state-by-state) was somewhat less contentious ceteris paribus in states like California, Oregon and Florida where higher education had a long recognized human capital investment value not similarly perceived in Nevada. It would be inaccurate to say that no objections to higher education expansion were raised in California, Oregon and Florida—given politics, public funding support and the forever financial consequences, there will always be objectors to state spending—for any proposal. It is just that fundamentally, the public in those three states had a longer history and appreciation of the value gained by society with an educated workforce.

In Chapter Ten, recommendations are made that answer the sixth and final research question: *What would be the key elements of a best practices model for policy decision-making relative to evaluating the efficacy of establishing a new higher education institution within a state system?* The processes used by successful, efficient state higher
education systems will be discussed with the aim of recommending a workable model that any state system or authority could use to demonstrate and build institutions that offer greater access and opportunity to their residents.
CHAPTER TEN

CONCLUSIONS AND RECOMMENDATIONS

This project had as its objective the analysis of the state policies that governed or otherwise had jurisdiction over the formation of five selected new, middle-tier, public four-year state colleges. Middle-tier institutions were described as offering baccalaureate degrees and some master's programs. No doctoral degree programs were offered. For relevance, the attempt was made to review the most recently opened middle-tier colleges over the last decade (1994-2004). The colleges chosen for inclusion in this case study were in chronological order of their opening: Florida Gulf Coast University; California State University, Monterey Bay; California State University, Channel Islands; Nevada State College; and Central Oregon University Center / Oregon State University, Cascades.

An examination of the policies that states employ when considering the formation of new institutions of higher education is an important topic in today's socioeconomic environment. That is because of the far-reaching implications for future student access in an era of population growth that contrast with ever-dwindling state support of higher education as a percentage of budgets, the concurrent investment in human capital by students recognizing the need to become competitive in the workplace, the burden of the taxpayers asked to support new institutions in competition with other state resource requirements, and a host of other meaningful rationales. Others touch on quality,
alternatives, mission creep and slippage, diversity, economic development opportunities, regional employment, and cultural enrichment, to name a few.

With so many dimensions affecting the formation of new colleges, the focus of this study was narrowed to an analysis of the methodologies used to assess academic demand. In the higher education literature, academic demand is often interchangeably called matriculation or participation rates, *going to college rate*, and/or enrollment demand. Academic demand is the driver that foments everything in higher education. Without some quantity of individuals willing and able to pay the opportunity costs of time and tuition in order to increase their endowment of human capital—colleges and universities would not exist (Zumeta, 1996). Clearly in the United States and elsewhere, individuals for several hundred years have recognized the benefits of incurring or paying the opportunity costs of attending college (Robst, 2001). Once potential students make the choice to increase their human capital, their next decision is where to matriculate. In today’s higher education environment, colleges go to great marketing lengths to attract students to and retain them at their institutions. Aside from these efforts at filling seats in classrooms, the vagaries of population growth and demographic shifts periodically require state legislatures, governing entities, and even colleges themselves to consider creating or expanding the supply of educational facilities. This project has been about the study and analysis of the processes five selected public colleges and their state higher education systems and legislatures became engaged with, endured through, and eventually succeeded in navigating toward the creation of an actual physical campus.

Although there are myriad of issues involved in planning and forming a new college, there were four concepts that were the primary focus and appeared most critical in
reviewing and synthesizing states' guidelines, policies, and requirements for new college formation. Those critical categories or dimensions addressed by a legitimate needs assessment were: (a) the calculation of academic demand, (b) the consideration of alternatives—a broad topic that includes sites, branches, centers, and expansion of existing capacity at nearby institutions, (c) the resources available to the state to cover the costs involved in creating, starting, and sustaining in perpetuity a free-standing institution, and (d) the exercise of political power by the various governmental approval authorities, namely governing boards, state legislatures, and governors.

Higher Education Policy Environment

According to Richardson (1999), the presence or absence of constitutional autonomy of higher education institutions has a great influence over the environment for change and evolution. Save the power of the purse, the independence of a higher education governing board in making substantive decisions regarding the management of the state system tends to be a complementary if not completely shared power with the legislative and executive branches. Constitutional independence or state statute often grants much discretion to a governing board in managing the state system; however, in many states a strong governor can dominate the educational policy environment if he appoints the governing board. In Florida, California, and Oregon, the governors appoint the boards and maintain more authority over management of the system.

In Nevada, the Regents are constitutionally independent, are elected, and manage the system. They approve higher education system capital and operating budgets and forward them to the governor’s office for inclusion in the executive budget submitted to the
legislature. In 1999 the Regents contracted with the RAND Corporation, a policy think
tank to analyze the population growth and make recommendations regarding future
expansion of the higher education system. As discussed in Chapter Eight, RAND
examined the strong growth in population in Nevada during the 1990s and projected a
need for more institutions of higher education within the next decade. Their
recommendations were exclusively based on population growth driving demand for
higher education.

Nevada is a state with extremely low matriculation rates to college out of high school
and low graduation rates from college—ranking at or near the bottom of all states in both
categories. There are strong socioeconomic reasons for this weak performance. The most
prevalent are the unique culture and presence of a few dominant industries that have very
little need for a college-educated workforce—especially for the vast majority of that
workforce. The result is a cultural environment in Nevada that historically has belied the
growth in population as a prime determinant of academic demand. RAND mentioned the
low participation rates in Nevada, yet still focused exclusively on population growth as a
driver of student demand for higher education. Its computer simulation models predicted
that with sustained growth, Nevada would need as many as six new colleges in the
intermediate term—a decade. It provided one caveat to this campus expansion
prediction—that Nevada improve its statewide participation rate to levels exceeding
California’s growth in the baby-boom years of the 1960s. This caveat appears absurd on
its face. Today’s national going-to-college age demographics do not begin to rival the
swell in the U.S. population that began attending and demanding higher education in the
1960s (NCHEMS, 2002).
Academic planners in Florida, Oregon, and California knew that in an underserved area, a change in preferences by employers and potential students also must occur for an upward shift in demand, thus demonstrating a real need for more institutional formation. In Nevada, that change in preference would have to be evidenced by cultural changes affecting large numbers of new high school graduates. Nevada was near the mean of national high school graduation rates but last or next to last in college participation rates. The differences, as pointed out in Chapter Eight were close to an order of magnitude approaching twenty percent annually--near 55 percent graduates and near 32-34 percent participation in college. Nevertheless, the Regents responding to entreaties from Henderson public and private interests, lobbied for a needs assessment funded study in the 1999 legislative session. The legislature agreed and appropriated $ 500,000 for the study. As discussed in Chapter Eight, an advisory committee comprised of legislators, Regents, an academic, and a local Henderson official was selected. Four of the five members of the state advisory committee were elected officials from Henderson.

System Response and Performance

The case study analysis of the state higher education systems in Florida, California and Oregon depicted strong, effective and efficient processes in place for assessing whether to build a new state college. Conversely, the official assessment of Nevada’s academic need (demand) that was compiled was a flawed process that generated false propensities for attendance. The remainder of this chapter addresses the final research question: What would be the key elements of a best practices model for policy decision-making relative to evaluating the efficacy of establishing a new higher education
institution within a state system? Conclusions and recommendations for a “best practices model” for a needs assessment process for determining the feasibility of launching a new higher education institution within a state are presented. The model is presented in the context of Nevada — the state that in the case study analysis presented the least effective and thorough needs assessment process.

Nevada Context

Nevada did not accurately portray the real demand for matriculation because it used the gross high school graduation numbers (see Chapter Eight) instead of the historically lower figure of 32 to 34 percent of Nevada high school graduates going on to college. The committee had stated in its cover letter to the document they elected to save money and not hire an independent agency or consultant to perform the demand assessment. As a result, staff at the UCCSN researched the issues, compiled data, and performed the data analysis. There was also some staff support from the Legislative Counsel Bureau, which is the legislature’s bill-drafting analysis and research division. After the feasibility study, several consultants were hired in the planning process for specific tasks related to curriculum planning, human resources, accreditation, and administrative systems development. The data for assessment provided to the committee overstated the actual demand — arguably the starting point in any determination of need. Once those numbers were accepted, all capital facility estimates, operating costs, faculty levels, student services — everything that happens or needs to happen on a college campus — was also at least partially overstated. One needs only to examine the original 2002 FTE funding for 1,000 students as compared to actual enrollments. (i.e. 110 FTE students). The FTE for
2003 and 2004 were likewise over-funded based on the appropriation for the illusory student demand. Notwithstanding the other, added consultants, UCCSN must bear accountability for the use of demand assumptions that were improper.

On the support side of the assessment, state resources and estimated cost data were discussed briefly in the needs assessment, although the real availability, affordability or certainty of support requirements as presented in the needs assessment (LCB Bulletin 01-9, 2001), makes it difficult to assess the actual weight given to resource scarcity or budgetary funding. Again, the 1999-ending demographics presented for state approval made use of demand assumptions that have not been factually realized, even three years later. Although not part of this study, there were derived problems with the assumptions about program offerings, student demand, private community financial support, duplication, and cannibalization of existing UNLV and CCSN resources and programs, the physical plant, faculty workloads, and accreditation.

According to a synthesis of the southern Nevada interviewees, legislative skepticism began to build against the proposed NSC concept (see Interviews 1, 2, 3, 6 & 8). Early and consistently through the advisory committee's work and in the few public forums--legislators in Nevada opined publicly regarding the need to secure private funding to get NSC opened. One member of the committee said he was told (see Appendix Interview 8) that upwards of $50 million in private contributions could be secured. It remains unclear whether Henderson private interests actually offered to raise that much private support for a public institution or if politically savvy legislators demanded it to ensure a politically palatable legislative approval. The higher figure never shows up as a documented offer, although local Henderson interests did attempt to donate land and in-
kind contributions. The Legislature did attach a $10 million dollar private funding *string* threshold prior to NSC receiving funding for its first permanent buildings. Indeed, the founding president in several public forums announced he would be responsible for the $10 million. His successor, shackled with the same imperative, left his position before securing the private support. While both presidents took the job knowing the burden, the fact is the greater southern Nevada community does not in the aggregate—support higher education. Further, with two other long-standing development foundations at UNLV and CCSN, going after the same development dollars, even more aggressively and peremptorily, UCCSN and the Regents as the governing board must, again, bear responsibility. It is a fact of university life that presidents in the 21st century are required to be fundraisers as a major part of their responsibilities. However, in a state with low public valuation for higher education, requiring a president that was attempting to accomplish what had never been done previously—open a different type of college and lead it to some modicum of success—and holding that leader responsible in a start-up environment for a $10 million level of private contributions was perhaps unfair. That dollar amount was about one third of the entire UNLV Foundation’s annual goal, even after 40 years of fundraising history, the UCCSN and the legislature may not be able to have it both ways, establishing a public state college and requiring higher percentage levels of initial private support than all other in-state institutions.

Responding to the Need for Cultural Change

This dissertation discussed the well-documented rankings of participation rates (academic demand) by Nevada high school seniors. The Nevada Department of
Education statistics and national surveys confirm this year after year. Earlier, the determinants of demand were discussed and also what has to happen if the state (or society) desires to shift higher education demand upward. It is true that population will account for some increases in demand; however, with actual participation rates ranking last or next-to-last, a set of cultural changes must occur for Nevada to reinvent itself educationally. This will be difficult—the state’s current employment infrastructure in large measure does not require a significantly educated workforce. High school diplomas are adequate for low to upper-middle level jobs. The following question needs to be asked—even if rhetorically: What has the state done and what is it doing about changing attitudes regarding higher education?

In 2000, the governor established a Millennium Scholars program from the state’s share of the tobacco settlement trust funds. Under the plan, Nevada students with a 3.0 grade point average could receive scholarships or either two- or four-year state institutions. The scholarship plan has helped change the demand determinants tastes and preferences and increased income such that enrollments in the first two years increased across all higher education levels ((Krolicki, 2003) The Millennium Scholars program has had a positive effect on participation, at least initially. There have been some early reports from the two state universities that a somewhat higher percentage of the Scholars, upon being admitted were required to take remedial English, reading, and mathematics courses after taking placement exams. Longer-term studies of the Scholars program have not been completed. However, a preliminary study of the Millennium Scholars program has documented increases in stay-at-home demand for higher education by Nevada high
school graduates as well as higher-persistence levels once matriculation began (Krolicki, 2003).

Other than the Millennium plan, the seven Nevada higher education institutions were all aggressively participating in marketing and recruiting programs targeted at Nevada high school seniors as potential incoming freshmen. Perhaps in the future, marketing efforts will become more successful. On the other hand, Nevada community colleges and universities have always had those programs. The Board of Regents adopted a Master Plan (see Chapter Eight) as part of the RAND discussion and developed a series of carefully crafted elements such as a mission, vision, goals for high-quality academics, expanded access, with supplementary documents that have yet to dramatically assist in changing the culture. What was needed from the Regents and the UCCSN was an executable strategic plan that refocused the marketing, seriously addressed the state’s culture, secured essential buy-in—not just lip-service from major employment sectors, and committed its stakeholders to deliverables and accountability. Until Nevada’s culture and environment for valuing higher education changes in the aggregate, the state will continue to hover at the 49th or 50th rank among all states (NCHEMS News, May 2003).

System Response to State Priorities

Nevada has a long history of providing for higher education, although at levels that, at times, have been inconsistent in terms of actual legislative appropriations. But generally, the legislature and governors have supported higher education. The proposition that a large proportion of the cost of public higher education should be borne by the taxpayers was inherent to the feasibility plan for NSC. However, it should not be a

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total surprise that a high level of private funding was legislatively required for the start-
up years. Higher education funding in Nevada has faced many political twists and turns in
the years since statehood. The legislature has perpetuated portions of the funding problem itself. They drive the institutions to increase headcount and FTE and then announce that they will fund 84 to 88 percent of the funding formula. Does the legislature collectively think that UCCSN administrators are less savvy than the uneducated business leaders that run some of the more important business firms and ventures and who are part of the culture that does not value higher education as highly? Fortune 500 business executives and small business owners alike routinely pad operating and capital budgets when they think the top line revenues might be questionable (Zumeta, 1996). Administrators in UCCSN, it is surmised, know and must play the Nevada legislative game. But what end does this exercise serve? Of course, only naiveté suggests that in leaner economic times higher education should not have to compete for support among many other state interests—it should. But short of economic recession, if a formula exists what justification exists to short-change Nevada’s youth of educational opportunities? Again, UCCSN, including the Regents, must develop and execute a strategic marketing plan that can change the culture and attitudes of all Nevada stakeholders (i.e. all citizens) to drive home to the legislature the access and quality mandates adopted in the Master Plan. Demand for higher education will drive change on the supply side, creating and funding new colleges over time, but only if such higher education is coherently and accurately shown to be realistically demanded. The legislature is the guardian of the public treasury and has an inherent fiduciary
An educated citizenry is the type of an asset that can yield exponential returns on the government's investment.

**A Report Card for Change and Growth**

Throughout the case study analysis and conclusions portions of this dissertation, the background and conditions that existed prior to the creation of each of the case study colleges have been depicted. The state higher education governing boards or other controlling authorities in Florida, California, and Oregon developed systematic methodologies for creating new institutions. Nevada did not establish any systematic methodology. The UCCSN and the legislature share the responsibility for the lack of strong statewide public support or said differently—the feelings of skepticism, confusion, suspicion, and ill-informed lack of trust that up to five years later still resided in public opinion.

Throughout the descriptive and analytical phases of this study, differences in performance among the case study higher education systems across the four selected dimensions were noted and discussed. Clearly, the California model is superior—meeting all definitions of effectiveness of process, and fiduciary responsibility for the citizens of the state. Just as clearly, yet with less overall experience, the Florida model was also effective. Oregon had even less experience, yet in a slumping state fiscal environment, the thoroughness and effectiveness of the processes for establishing a new college worked—albeit, the result was unexpected. Just as clearly, the processes employed by UCCSN were less thorough and led to a less effective fiduciary result in the
contemplation of, the planning for, and the establishment of Nevada State College—across all four of the critical dimensions.

Recommendations

A Model for System Performance

The analysis of higher education policy of the case study state colleges and universities demonstrated several consistencies in policy formation and implementation—as well as a few inconsistencies. Both the California and Florida systems had policies in place for the consideration of new state colleges. Oregon had many aspects of sound public policy in place, then spent nearly ten years refining and shaping the parameters of a needs assessment process; however a significant fiscal and political course change late in the planning process (for Central Oregon University) resulted in a shift in the final implementation (i.e. establishment of Oregon State University-Cascades). Nevada had never developed a middle-tier institution and consequently had no planning policies in place prior to the establishment of NSC. Given the strengths and empirical, logical decision-making characteristics evident in the California and Florida approaches to creating new institutions, it is critical to the purposes of this analysis to not just criticize a particular state’s policy process but to provide recommendations where a need is perceived.

The decade and a half of explosive population growth that Nevada has enjoyed make it incumbent upon the state to strengthen its process approach to the needs for future higher education institutional creation. To that end, perhaps the most important of several recommendations discussed in this chapter is the adoption and empowerment of an
independent coordinating commission for higher education—not to govern, but to receive, review, amend, and authorize for legislative enactment all new higher education institutions. This type of authority takes many of the conflicts out of the equation as the CPSEC Guidelines have clearly demonstrated (Commission Report No. 02-6, April, 2002). A conflict of interest may be perceived if a system’s governing board approves a new institution that it will later have responsibility for overseeing. Other states also have found that the legislature itself is not an effective evaluating body, either, although they must act as stewards with a large degree of trust and confidence in the recommendations that come before it for public funding. The process that led to the creation of NSC was flawed by the appearances of conflict and political influence. Those issues over process could have been avoided by an independent empirical evaluation of the real demand for a new institution, the availability of state and private resources, or the thorough consideration of appropriate alternatives.

Specifically, it is recommended that Nevada create an independent commission for the evaluation of future higher education institutions. It must be independent of the system administration and the Regents. Following the California and Florida models, the chancellor of UCCSN first would make a recommendation to the Regents, who then would forward it to the independent commission for evaluation and authorization to the legislature as a recommendation with efficacy. Prior to the presentation of a process model, preliminary thresholds should be met by UCCSN in the process of identifying academic demand for new institutions. All of the states in this study, except for Nevada, used variations of this approach. Figure 10.1 graphically depicts a proposed organizational model for an approval process for new state post-secondary institutions.
The relationships in this model depicting interactions between the legislature, the Regents, and the proposed independent commission are in the context of new institution creation only—no other relationship is implied or proposed by this recommendation.

Figure 10.1. Organizational Model of Approval Process for Post-Secondary Institutions.
The model proposes three phases for evaluating the merits of a new higher education institution. They are adapted from the California and Florida higher education guidelines. California, since the 1960s, built or expanded its flagship university campus system to ten full-fledged campuses, its state university system to twenty-four campuses, and its community college system to over 100 campuses following the basic guidelines of the plan. Florida has built or expanded its state university system (SUS) to two research universities, ten state colleges, and nearly forty community colleges also following the same general guidelines. Oregon has built or expanded its two research universities, its eight state universities and colleges and its network of community colleges utilizing a similar approach of (at least) requiring actual threshold FTEs prior to large-scale capital outlay. The three phases recommended ensure that an independent commission analyzes and evaluates all proposed expansion or new college formation on its merits, thus removing much of the lower-level political influences until an empirical study has been completed. It would be naïve to assume that politics will play no role in creating a publicly-supported institution--of course it will, but the proper place is in the legislature after all the fact and impact studies have been completed and recommendations are made by the independent commission. The problem with NSC was that politics was involved at every step throughout the analysis, creating a sense of skepticism and suspicion as documented in Chapter Eight. An independent commission helps to assure both the public and the legislature that the facts have been thoroughly analyzed and considered without the influence, conflicts, or premature interference of politics. These recommendations are found in Appendix C.
The three phases of the model are: (a) Preliminary Notification, (b) the process for Notice of Intent, and (c) the process for a Needs Study. As a first step, potential organizers of a new higher education institution would be obligated to provide the independent commission with advance notice of their plans. Generally, the notice should outlay the evaluation, scope and projected enrollment for a new site. Second, prior to any capital requests, a formal Notice of Intent should be filed with the commission. This notice would precede the actual formation by at least 3 to 5 years, and would include a plan forecasting enrollment growth over 10 years. Other financial and programmatic aspects would also be included. Third, concurrent with the Notice of Intent, a formal Needs Assessment document should be prepared. The Needs Assessment should include the primary dimensions discussed in this dissertation – academic demand, state resources and alternatives considered, as well as location-specific demographics and needs for academic programs and services. Once the needs assessment has been reviewed by the post-secondary commission, the Regents are notified as to whether or not a recommendation will be made to the state legislature to consider a new institution. Figure 10.2 describes the go-no go process steps incorporated in these recommendations. At any step in the process, failure to meet the criteria listed in Figure 10.1 and delineated in detail in Appendix C, causes the proposal to cease going forward.
When state higher education systems commence discussions about either expanding or building new facilities or campuses, the first issue they should consider is assessing accurately the true need for such growth. In this study, the concept of academic need or demand was discussed from the perspective and synthesis of actual case studies of state governing boards and state planning authorities and their educational public policy decision-making process. Academic demand was further addressed from the perspective of scholarly writings on the topic. Review of the extant literature pointed out some difficulties in classic empirical studies using time-series, cross-sectional, or combinations of those approaches, at least in terms of the robustness of the results. It was stated that education economists have also looked qualitatively at the problem of assessing academic demand. They often find demand for higher education to be amorphous and difficult to exactly and precisely define. They turn to theoretical approaches like human capital theory attributes, opportunity costs, investment goods, and consumption goods as...
explanatory alternatives to fine-tune why students attend and why they stay. Answers to those questions are what governing board policymakers and legislative decision makers need to be vitally interested in discovering—for they have the responsibility and authority to increase the supply of higher education in response to the perceived demand. They also have the responsibility to accurately assess and evaluate that perceived demand.

Arising from this study, specific policy recommendations were made. The first and most important, especially for a rapidly growing state like Nevada, was to develop and adopt a model similar in nature and authority to California and Florida for considering the formation of new higher education institutions. A post-secondary planning authority should be established independent of UCCSN and the Regents with the mandate to authoritatively require criteria to be met across the planning process. This can alleviate most of the skeptical environment that pervaded and continues to pervade NSC. As several of the Nevada-based interviewees mentioned (see Interviews Nos. 1, 2, & 8, Question 16), if it had to be done over, likely one of the branch or center alternatives would have been a better way to demonstrate demand at significantly lower thresholds of political stress and financial commitment. It seems all but certain that as Nevada grows, other public colleges will be needed. The demand for new colleges should be accurately assessed and evaluated, or the public will lose trust, confidence, and faith in educational and political leaders.

As stated earlier, a second recommendation was to enact a strategic marketing plan to attract and retain Nevada’s high school students. This must have tactical executable objectives and gain endorsement and support from both the state’s private and public sectors. Marketing plans have come and gone for recruiting and enrolling college
students. Some erstwhile plans may have been successful enough to maintain current enrollments and encourage some growth not related to pure population. But, it is not enough--Nevada needs a better plan to reach those 20 to 30 percent of high school graduates that have the potential to gain further education, skills, and training but have not been sufficiently motivated by the needs of the coming technological age and the responsibilities of citizenship in the 21st century.

Finally, it is clear that more research is needed that moves us closer to defining and fine-tuning academic demand. Governing boards for higher education need accurate and reliable information. In an era of scarce public resources and greater fiscal accountability, supply-side economics for higher education is an obsolete concept. Regional geographic academic demand must be demonstrated and proven. Taxpayers have long recognized the public benefit that derives from providing an educated workforce, but increasingly they want evidence that the access opportunities are efficiently and adequately created and utilized.
APPENDIX A

Pinpointing the Leaks in the Higher Education Pipeline.

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<tr>
<th>State</th>
<th>Of 100 Ninth Graders, How Many... On Time?</th>
<th>Graduate from High School Directly Enter College?</th>
<th>Are Still Enrolled Their Sophomore Year?</th>
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Source: NCHEMS News, May 2003
APPENDIX B

New College Formation

Interview Questions

1. What single issue or set of issues first suggested that a need existed for a new higher education (HE) institution?

2. What led to the concept of a middle level HE institution between the community colleges and the universities?

3. What particular HE needs did you feel were not being fulfilled that could be achieved by a new college format?

4. How did the concept of a legislative bill for the assessment of the need gain momentum? Who was the driver in the Legislature? The Board of Regents? The state HE System? The local governments? The private sector, including industry groups?

5. Who created the structure / form of the Needs Assessment? The categories to be assessed? The quantitative Assumptions? Existing / recent new college formation models of assessment?

6. What alternatives were reviewed? Create a branch campus? Expand an existing community college?
7. How were the various sequential locations assessed? How did they become available? Did site characteristics of the locations have any impact? Did convenience have an impact?

8. Who was responsible for the cost analysis component of the assessment? What assumptions were offered / provided by whoever performed the cost analysis? What reliability and validity assurances for the cost estimates were provided?

9. How was student demand calculated / assessed?

10. How were academic program opportunities determined?

11. What analysis of tuitions at comparable institutions was performed?

12. How was the initial budget determined? Out years?

13. How were operating costs determined?

14. How was the role of faculty defined? What teaching or professional criteria for faculty were considered? What student / faculty ratios were considered?

15. How was college accreditation addressed?

16. What role did politics play?
Personal Interviews

Interview No. 1
Subject: Regent
Date: November 11, 2002
Time: 2 pm

Question Questions, Answers, and Follow-ups
No. 1. What single issue or set of issues first suggested that a need existed for a new higher education (HE) institution?
Ans. A year after my election in 1994... probably in late '95, I proposed to the then Chancellor that the System (through the Regents) look at the feasibility of a satellite campus for UNLV or UNR in our HE structure. I was not yet thinking of a middle tier between the existing university and community college infrastructures. The system contracted with RAND to study future enrollment projections and facility or campus requirements. For me the early reasons were the land-locked location of UNLV—which would eventually cap construction and thus enrollments as well as the shift in the population to the SE and NW portions of Las Vegas. So, at first, it was location and convenience that got me thinking. My first choice for a long time was Summerlin. The Chancellor did nothing about my request for a study.

Did the idea of costs come up during this time?
Ans. Yes, the Regents have long understood that it is costly for a university (with its research agenda) to offer the first two years in a cost efficient manner. They are costly in terms of faculty (vs. community colleges salaries and teaching loads) and also the building infrastructure is more expensive at a university... like labs and stuff. Community and state colleges should never offer the hard and natural sciences—just stick with the education, nursing, business, and maybe a few liberal arts degrees.

2. What led to the concept of a middle level HE institution between the community colleges and the universities?
Ans. Actually, it was Henderson Mayor Gibson—you should talk to him... I'll give you his number

I've got it—he’s on my list, thanks
Gibson, it turned out had been studying and doing research for several years on the middle tier concept. None of the regents knew that until Richard
Perkins told us in 98. He pitched Perkins and we eventually got the idea. Too be honest, they were thinking of the middle level concept, but not the academic emphasis on any specific programs—yet.

3. *How did the concept of a legislative bill for the assessment of the need gain momentum? Who was the driver in the Legislature? The Board of Regents? The UCCSN system? The local governments? The private sector, including industry groups?*
   
   Ans. Gibson and Perkins are due the credit. Perkins drove the idea in the Legislature. Nobody from the Regents pushed it at this step (pre-legislative action). This early, the bet was still on Summerlin—even from Perkins.

4. *Who created the structure/form of the Needs Assessment? The categories to be assessed? The quantitative Assumptions? Existing/recent new college formation models of assessment?*
   
   Ans. The System analysts and the LCB—which had oversight came up with the analysis form. You should also talk to Chris Chairsell—she was involved in the analysis also. After she became full-time Chancellor, Jane Nichols was very involved in the form of the assessment.

5. *What alternatives were reviewed? Expand UNLV? Expand CCSN?*
   
   Ans. We talked about both ideas. For CCSN there are several problems. First, they likely would lose their mission . . . or at least part of it . . . you know the vocational side. Second, there’s problems with accreditation—moving from a 2-year to a full-on 4-year institution. It (accreditation) would take a longer time (according to the Northwest people). Then you also would lose the labor cost savings with the faculty . . . you know, they’d all move up in salary. There would not be any marginal differences between salary schedules.

   *How about expanding UNLV?*
   
   Ans. There’s a problem with the mission there too. UNLV wants to become a research university—and I agree—they should be offering degrees in all the sciences and engineering and business—all of those. With a research college though you have less teaching going on . . . if there’s one thing I hear from voters about it’s the easy schedule of the UNLV faculty . . . they’re not teaching enough classes per semester. That’s entirely different at CCSN where they teach 5 classes per semester. NSC faculty will be in the middle between 5 and 2-3 at UNLV . . . probably averaging 4 classes each. Research universities around the country don’t focus on faculty teaching lower division classes—they use TAs and adjuncts—and I constantly hear complaints about the loads as they are now. So there’s no cost savings by expanding UNLV—at least from the faculty side. Capital expenditure savings are different though. The infra structure is in place . . . but again, UNLV is landlocked . . . they have capacity problems now in scheduling classes. The satellite idea is still a good one for them, and we will be looking at that.

   With the middle tier we will not have “mission slippage.” Community and
NSC can handle more of the first two years’ student needs. I personally don’t think NSC should have any Masters or other grad type degrees . . . but a few will probably slip in.

6. How were the various sequential locations assessed? How did they become available? Did site characteristics of the locations have any impact? Did convenience have an impact?
Ans. Well there was a company—Landwell, who really stepped up. They offered the original site near St Rose Hospital . . and they even offered to remediate it when the soils issues came up. But that was going to take years to finish. When the Wagon Wheel site became available in a deal with the BLM, Landwell kept up their support—which helped later when we couldn’t get more state money prior to opening. We just got about 500 acres adjacent to Wagon Wheel—so there’s plenty of room.

Don’t you think its in an extreme location given your earlier point about “convenience?” Its not convenient to anything.
Ans. I think its very existence will foster economic growth in the SE end of the Valley.

7. How was student demand calculated/assessed?
Ans. The System staff analyzed the demographics. They did all that stuff . . like calculating the funding from the enrollment projections.

So they forecasted a trend line for future enrollment?
Ans. Yes, they factored in a middle rank GPA (between UNLV and Community) and smaller class sizes.

What happened to the first year enrollment projections?
Ans. I am really surprised by the low number—185 or so. I think it’s a function of the recruitment program’s late start. Next year, I’m sure we’ll hit the numbers.

Yes, I couldn’t understand why they waited until near or after the end of the High School year?
Ans. We had a delay with the accreditation issues. We couldn’t recruit until they were resolved. Accreditation is absolutely a key to recruitment for any first year school.

8. How were academic program opportunities determined?
Ans. Well, Perkins and Gibson picked up early on regarding the education and nursing issues. When Richard Moore left as president and joined the faculty—we added a business program as well. I think there is a law enforcement component under consideration now. Eventually some more Liberal Arts programs will come on when the population picks up. No sciences though—that’s for the universities with their labs. I know there’s already talk about some Masters programs, but I’m against it. We sold the
idea on undergrad majors with high demand for the state’s future needs. Grad programs should stay with UNLV and UNR.

9. What analysis of tuitions at comparable institutions was performed?
Ans. Tuition will be between CCSN and UNLV—like other (especially California and Pennsylvania) middle level college systems.

Is that cost efficient for the institution since the faculty will be paid higher salaries?
Ans. Yes, I think it will be since the faculty will have a higher teaching load.

That sounds like making up above unit cost enrollment with volume—the more students taking more classes will only increase Average Total Cost?
Ans. Well the two lower institutions will likely receive greater state appropriations to cover larger enrollments.

State appropriations have been growing in total dollars but declining as a percentage of the state’s budget. That sounds like the two universities are going to receive less in the future?
Ans. Likely it means that tuitions will have to rise proportionately more at the universities—plus they will have to go after more research oriented grants and step up the Foundation’s efforts. Their focus will shift toward more graduate programs at a higher student cost—although that’s downstream a few years.

I’ve been reading that many old reliable federal programs are not as deep-pocketed or as wide-ranging in their research spending / funding as they used to be. That puts the universities at some peril—doesn’t it?
Ans. Possibly, therefore, they’ll have to be more creative in their research agenda—but when it comes to crunch time—I don’t believe the Legislature will leave them in the cold. But, I don’t see the Community Colleges and NSC diminishing in funding support dollars.

10. How was the initial budget determined? Out years?
Ans. Well the first one was estimated solely based on the projected enrollment. Its always done by formula based on FTEs. They’re obviously under the projected enrollment, so as a percent of formula the first year is skewed. I’m confident they will catch up when more programs are offered and the dust settles over all the controversies. They will be able to launch a real recruitment effort this year.

11. How was the role of faculty defined? What teaching or professional criteria for faculty were considered? What student / faculty ratios were considered?
Ans. There will be role of shared governance. The initial faculty will be required to possess a broader “portfolio” than is normally the case. Initial responsibilities will include administrative assignments, heavy instructional
requirements, and curricular design. Initial student / faculty ratios are planned for the 20-25 range.

12. How was college accreditation addressed?
Ans. There really have been no roadblocks. Education and business were completed early by the Northwest Regional. Nursing remains a problem in terms of consistency between UNR, UNLV and CCSN. NSC is going to follow the UNR and CCSN model. There is some disagreement about the structure of the UNLV program for statewide consistency.

13. What role did politics play?
Ans. Initially it was huge. Gibson and Perkins were huge politically. Perkins especially was important in getting the legislative funding for the assessment. After the Advisory Committee was set-up, the politics abated. The Regents and System staff plus the LCB took over the analysis and assessment. Politics re-entered the picture prior to the first budget votes in the 2001 session. Of course, by then Henderson had been identified and Perkins had to cool being a “homer.” Politics will re-enter again if UNLV and UNR have to face enrollment caps in the future.
Interview No. 2
Subject: Regent
Date: November 13, 2002
Time: 8 am

Questions, Answers, and Follow-ups

1. **What single issue or set of issues first suggested that a need existed for a new higher education (HE) institution?**
   Ans. I think that there was a perception of an unmet need for more teacher training... that is; more teacher graduates and more nurses were currently and would be needed in the future.

2. **What led to the concept of a middle level HE institution between the community colleges and the universities?**
   Ans. It came to be understood that a middle level / 3rd tier could focus on teacher and nurse training without the distractions and cost infrastructure of a research university. In other words—like a classic Midwest teacher's college. My understanding really arose from the RAND report on future population growth in southern Nevada. Part of my issues was that enrollments were not capped at either UNR or UNLV in those two disciplines.

   **So why the need for more infrastructure to fulfill this need?**
   Ans. Good question. It seems clear that we need more of both. The issues are the salaries and working conditions for those professions—especially nurses regarding the conditions and pay for the teachers. We have two new hospitals coming on in Las Vegas in the next year or so and hundreds of job openings (for nurses) every week in the paper. Part of the political thinking was that if we create a separate institution which could run at a lower cost, we’d have some funding to promote the job / career benefits.

   In economics, we would call that a derived demand—it’s based on the demand for something else—the way firms decide whether and how many to hire based on the demand for their product. Or like the movie “Field of Dreams”—if you build it—they will come. "A related concept in economics is classically called Say’s Law—Supply creates its own Demand. It has been discredited since the Depression.

   Ans. Absolutely, the problem in education is getting people interested in making it a career given the low pay. They may be very committed but it just doesn’t work in the pocketbook.
4. How did the concept of a legislative bill for the assessment of the need gain momentum? Who was the driver in the Legislature? The Board of Regents? The UCCSN system? The local governments? The private sector, including industry groups?
Ans. Once Jim Gibson and Richard Perkins became convinced it was Perkins that was the Legislative driver. He secured the $500,000 for the Assessment. Mark Alden, because it's his district came on pretty early also. The System got involved when there was an appropriation and the (Advisory) Committee needed staff help. The Mayor was always closely involved as a Committee member. The Mayor was very instrumental in getting Landwell involved with the land contribution and later the on-going support they offered when the first site fell though. Early on there was not a huge amount of private support because nobody knew which way the assessment would lean—although one could see certain handwriting on the walls.

5. Who created the structure/form of the Needs Assessment? The categories to be assessed? The quantitative Assumptions? Existing/recent new college formation models of assessment?
Ans. The System staff and the LCB analysts were involved in the assessment structure and form—what was looked at and how things were weighted.

Even the weight of alternative considerations? And the assumptions?
Ans. Yes, they outlined the categories they thought were pertinent. Some of the assumptions had to come out of thin air. The thought by this time was that if a third tier—then it should be kept pure--so develop a model like other 3rd tier HE systems and stick to that in the analysis.

6. What alternatives were reviewed? Expand UNLV? Expand CCSN?
Ans. Both were given some consideration. Probably not enough in terms of a full unquestionable analysis //you know for validity—but they did get dismissed pretty quickly

Why were they dismissed so quickly?
Ans. Well although the buildings would be in place, it was felt that the California model would take a long time to achieve by expanding programs at CCSN or diluting programs at UNLV. Part of the vision was to offer undergrad programs only with a heavier teaching load yet at a reduced salary relative to UNLV—but higher than CCSN. So expanding either one meant causing dislocation and disruption in both schools between and among existing faculty.

7. How were the various sequential locations assessed? How did they become available? Did site characteristics of the locations have any impact? Did convenience have an impact?
Ans. As I recall it, there was a company in Henderson call Landwell. They donated the original site near St. Rose Hospital. Then, soil remediation issues came up. They offered financial support even after the BLM site was eventually secured. So, the answer to your question, the site was not assessed prior to its donation, in fact, neither of them were. We took the gift horse.

9. How was student demand calculated/assessed?
Ans. They used trends of high school graduation rates. They forecasted a 1000 FTE’s, then they cut it to 500, then eventually 150 people enrolled. Of that total, the FTE is really only 110. I think it was a mistake to only look at high school graduation rates. It is pretty commonly known that the matriculation rate from high school to college is very low in Nevada.

10. How were academic program opportunities determined?
Ans. The original vision was always to provide academic programs for nursing and education. Everybody knows we need more of those type of graduates. The problems for both careers are combination of low salary and bad working conditions. To offer those programs, a university has to offer other classes. Business programs we know always attract students. So a business degree was an early addition. Six or seven others will follow when enrollments climb.

12. How was the initial budget determined? Out years?
Ans. The budget was always somewhat “blue sky” from the get go. Actually, the only blue sky part was the accuracy of the FTE projections. The state has a formula for funding system colleges based on FTE. It would be interesting to see what would have happened if enough of the Legislature or the Regents – like myself – also questioned the projections. I have serious doubts if it would have sailed through if we had accepted the reality of 120 students in the first year. However, it is a done deal now. The State has made a moral and contractual commitment to the students who have enrolled – especially now that it is actually started.

How can the State justify supporting only 120 students?
Ans. Well, you’re right, there is not economy of scale in the infrastructure, but, like I just said, Perkins and Raggio have stated that we have a commitment.

13. How were operating costs determined?
Ans. Here again, the State used a formula.

Who exactly used the formula? The System or the LCB?
Ans. It was the System. I recommended using several satellite campuses for the first ten years – empty high school classrooms, empty CCSN classrooms and even empty UNLV classrooms. This would have saved general and
administrative costs until the enrollments climbed. I was outvoted.

14. *How was the role of faculty defined? What teaching or professional criteria for faculty were considered? What student/faculty ratios were considered?*

Ans. There really isn’t a defined role. The majors that get added will drive enrollment which in turn will create a demand for faculty. Traditional roles of faculty – like committees, community service and research – you know, those things they do other than teaching, haven’t been defined and won’t be for several years.

15. *How was college accreditation addressed?*

Ans. The Board of Regents had to step in and pick UNR as the sponsoring institution. There was a real personality conflict between Carol Harter and Richard Moore. It is not very convenient since UNR is of course, in the north. But, historically, other colleges have looked to their state’s oldest institution as the sponsor for accreditation. So, it was a compromise.

16. *What role did politics play?*

Ans. Politics was huge throughout. From the concept, into implementation, the 2001 budget process and will be a big factor going into the future. NSC will face funding competition from CCSN and both of the original 4-year universities. You are probably aware that the State appropriations for HE funding have been declining as a percent of the state budget. So the pie has gotten smaller, but we have added another slice. The appropriation choices will have to be made by political decision.
Question
No.
1. What single issue or set of issues first suggested that a need existed for a new higher education (HE) institution?
Ans. Even before the Legislature approved the needs assessment study, there was a 1998/1999 RAND Corporation study on higher education in Nevada. You probably won’t believe this, but the recommendation called for six state colleges in Southern Nevada.

Over what time period? Do you mean Southern Nevada or the whole state?
Ans. The RAND study actually said Southern Nevada by 2010. However, the interesting thing is, there have been no waiting lists at either the nursing college or the education college. So, enrollment has never been capped, yet, the community and the state desperately need both vocations. So, RAND preceded the needs assessment. I would agreed with many that the needs assessment was not strictly quantitative its methodological approach. It did attempt to forecast the need based on population growth and high school graduation rate growth.

6. What alternatives were reviewed? Expand UNLV? Expand CCSN?
Ans. The political players did not want to do it at UNLV because of its mission to reach Research I status. To reach Research I, the academic standards at UNLV have to be improved over the next few years. The Regents already adopted a plan to move the high school admission GPA to 3.0 in the next few years.

The community college has open enrollment – all you need is a high school degree, in fact, for the vocational programs you don’t even need that. So the 2.0 students need a place. NSC is the answer for those in the middle. It will be an efficient opportunity for them. (2.0 – 2.9 entering GPA students) It is true that Great Basin College in Elko has a few four year degrees but they are extremely program specific. The advisory committee and the system thought that a third tier program would be an opportunity for non-traditional students – those that would be excluded.
by UNR and UNLV when they attain Research I status.

7. How were the various sequential locations assessed? How did they become available? Did site characteristics of the locations have any impact? Did convenience have an impact?

Ans. As soon as the needs assessment appropriation was approved, communities started vying for it. You know – the college location. We started getting inquiries from Henderson and people in the Summerlin area.

_Do you mean individuals in Summerlin? Summerlin is not an organized entity like Henderson._

Ans. Yes, Henderson got very organized with the Mayor, city officials, like that. True, Summerlin is not a town or a city, but there were a lot of people who called and wrote to the system office.

_It sounds like the fact that Henderson was an incorporated city and had support functions like planning and a budget office enabled them to gain an advantage, especially since Summerlin is not organized?_

Ans. Henderson certainly got everyone’s attention in a hurry. Mayor Jim Gibson is an absolute student of higher education – he is very well read on issues in higher education. You should interview him too. I will give him a call for you.

_Thanks, I have already made an appointment. Others have said the same thing about the Mayor. It seems like and maybe you can confirm, he was a major political figure in getting the college for his city?_

Ans. He was extremely important to the process and of course, he was one of the five people on the assessment advisory committee.

9. How was student demand calculated/assessed?

Ans. I think the final projection for enrollment was 500 FTE. That number was a re-calculation from the original projection – an even it became a mis...well, probably an overestimate of the calculation. That is because the final number for FTE came in around 150 heads and about 100 or 110 FTE. It created an enormous amount of political tension in Southern Nevada. The media was pretty brutal. Ultimate student demand will be driven by the number of majors NSC is able to offer.

_In economics, we call that a derived demand – it is a demand resulting from something else. I thought the idea of a needs assessment and its recommendations and conclusions was that a need or demand already existed. It sounds like you are saying that some number of additional majors will drive the demand?_

Ans. Well, all colleges even if they just have a few majors require lower division general education courses. Those disciplines, at a low level,
often inspire students to follow that discipline as an academic goal. And so we decided that we would need more than just nursing and education majors early on. We announced to the press in the late Spring 2002 that there would be other majors, including business which attracts a relatively high percentage of students.

12. **How was the initial budget determined? Out years?**
Ans. HE budgets in Nevada are FTE formula driven. Although the initial budget was for 1000 FTE, the final approved budget came in at 500. In Nevada, tuition and fees make up approximately half of the cost of education. State appropriations and private contributions cover the balance. The ten million dollar private fundraising objective of the new President is a very serious requirement for moving forward. If those funds are not secured by the mandated timeline, part of the current legislative appropriation will go away.

14. **How was the role of faculty defined? What teaching or professional criteria for faculty were considered? What student/faculty ratios were considered?**
Ans. We had over 500 applications for full time faculty. We hired approximately 20, not including adjuncts. The model that sold the legislature was to emphasize teaching over research. The new faculty is defining their own roles. They are all on one committee or another. Several are also serving in advisement, counseling and scheduling roles. A few have already demonstrated potential for administrative positions. But in truth, it is too early to say, what the roles for faculty will be in two years, five or ten.

15. **How was college accreditation addressed?**
Ans. UNR was picked through a Board of Regents compromise. Dr. Moore and Dr. Harter had significant personal conflicts about UNLV sponsoring the accreditation process. The system administration and the Regents felt that while inconvenient, UNR would be the best choice.

16. **What role did politics play?**
Ans. From its very inception, politics played a major role. After approval by the legislature, the system administration tried to interject itself into the middle in order to deflect political tensions away from the academic process. The system while not always successful, took most of the political heat after winter 2002 enabling the interim president and staff to move forward with an academic staffing and facility plan. This turned out to work fairly well. We got the academics in place, in the building and the people performing those tasks were not really affected by the politics. The Chancellor however, did face a lot of political questioning and pressure.
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| 1.          | What single issue or set of issues first suggested that a need existed for a new higher education (HE) institution?  
Ans. I knew several system administrators in NV that forwarded the RAND study to me. From that source and via discussions with other NV educators, I became specifically aware of the growth issues and problems facing the state. The issues appeared to be capacity concerns and the historical low rates of attendance. The major employers historically have not needed / utilized a highly educated workforce. |
| 2.          | What led to the concept of a middle level (HE) institution between the community colleges and the universities?  
Ans. Most of the state (public) university systems in the west—say the WICHE states maintain Master’s comprehensive – middle tier state college systems—many for teachers—they are outgrowths of the normal schools. But the Cal State system offers dozens of bachelors and like numbers of master’s programs. NV appeared to lack capacity to satisfy the demand for teachers and nurses—hence the momentum for a state college got support when couple with the incredible population growth. |
| 4.          | How did the concept of a legislative bill for the assessment of the need gain momentum? Who was the driver in the Legislature? The Board of Regents? The UCCSN system? The local governments? The private sector, including industry groups?  
Ans. All of the political entities in your question were represented via membership on the Needs Assessment committee. I think it was established by the Legislature after being sponsored by speaker Perkins and one of the Regents—the one from Henderson. I think there was a sponsor (in the Legislature) from the state Senate as well. The Henderson Mayor was also a prime mover as a supporter of economic development. |
| 6.          | What alternatives were reviewed? Expand UNLV? Expand CCSN?  
Ans. I think mission differentiation and politics started playing a big role regarding this question. The community college in Henderson and the other
branches were never seriously considered for expansion. Their mission was (and is) largely workforce education. It was always felt (from my consultant’s perspective) that expanding the community college wouldn’t have the prestige nor provide for the economic development “splash” desired by the majority Committee members—from Henderson. Expansion of UNLV was another matter. Politics definitely became an issue with hard feelings thrown in for measure. I think President Moore (once he was named to the job) and President Harter grew to a dislike for one another—just an opinion. I think UNLV took the “defensive” position a second level HE was unnecessary—they claimed that undergrad nursing and education programs were NOT capped—that they had plenty of capacity for growing the programs –IF students were actually demanding courses/programs The “contest” between Moore and Harter led to Reno becoming the sponsoring institution for accreditation.

9. How was student demand calculated/assessed?
Ans. I believe the RAND report looked at the demand side of the equation—at least from a potential basis evolving out of population growth. Later, I believe the state system assigned analysts to the demand calculations.

Have you read the RAND conclusions regarding how demand was established? Did you know they used population growth exclusively?
Ans. I remember sitting in on a presentation of the RAND study. Population growth by itself would be important in most states—CA, for example.

What about the historical low matriculation out of high school and grad rates from college? Wouldn’t those stats be important in calculating student demand?
Ans. Yes that would have to be part of the equation. NV must find a way to increase academic demand—you just can’t “build it and (hope) they will come.”

16 What role did politics play?
Ans. The justification process started and ended as a political fait accompli. Henderson movers/shakers wanted it (following the RAND recommendations for 4-6 state colleges by 2010) and aggressively went after securing the campus—peremptorily dismissing CCSN or UNLV expansion. The problems that arose later—the funding authorizations—were also political as resources were not appropriately supplied by the legislature to assure success. Its still political—even though I’m no longer involved, in that budgets have strings attached by way of private contributions.
Who created the structure/form of the Needs Assessment? The categories to be assessed? The quantitative Assumptions? Existing/recent new college formation models of assessment? To the extent possible, we will be discussing both CSU Monterey Bay and CSU Channel Islands. I’m interested in the System’s approach to new college formation.

Ans. The California Post-Secondary Education Commission (CPSEC) has the responsibility and authority for needs assessment in California for higher education institutions. Since the early 1970s they have had that authority—following the CA Master Plan which was written in the 1960s. Guidelines revised in 1992 calling for FTE of at least 500 prior to an off-campus Center or CSU branch to qualify for state capital and operations funding. Less than 500 FTE, means the sponsoring CSU must cover the Center/Branch budget within their own operating/capital funding levels. This was true for both Monterey and Channel Islands. In several cases, community colleges serve as physical locations for CSU expansion branches. Logical that with so many cc’s, that they will be natural locations for future expansion—infrastructure mostly in place. Of course, some don’t have enough room for full CSU campus—but FTE build-up is easier to accomplish.

How was student demand calculated/assessed?

Ans.: Prior to building a new CSU, but after a Center or branch is established, CSU does participation studies at high schools and community colleges in the region. CPSEC requires detailed self-study by local CSU of near and longer-term “participation” estimates. Board of Trustees has to agree (and recommend expansion) prior to CPSEC and state Dept. of Finance sending ANY external funding request to Legislature. Centers’/branches’ growth have to make the demand case for local CSU, Trustees, CPSEC, and Finance Dept. Normally, if demand is stale or weak, the project stays a Center with the costs being borne by the sponsoring nearby CSU. Eventually, it’s an up or down decision. We look at all of the surrounding urban and rural demographics. Incidentally, the CSU System learned quite some time ago that facility capacity was a better guideline than statistical projections.
How were academic program opportunities determined?
Ans. The Vice Chancellor's office for Academic Affairs prepares the program offering for new CSU institutions. The Centers or Branches established in an area usually get formed because of some community specific need for programs / majors.

What analysis of tuition at comparable institutions was performed?
Ans. Tuitions for the CSU system are set by the legislature acting upon recommendations from the Board of Trustees. All CSU tuitions are the same. Individual campuses set fees for various services independently. Typically, fees for the CSU system are less than those for the UC system, but higher than the state community college system—which are set by locally elected governing boards, not as a statewide system.

How was the initial budget determined? Out years?
Ans. Currently, California uses a funding formula that is based on $ / FTE. At present, the spending level is approximately $7,000 per FTE.

What role does politics play in CSU new college formation?
Ans. The legislature, in forming CPSEC in 1972, attempted to take as much politics as possible out of the growth, and new site selection process. Politics can't be ignored, of course, but growth is designed to work on the merits of academic demand—not local politics.
Interview No. 6
Subject: Nevada Higher Education System Executive
Date: December 15, 2003
Time: 1 PM

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<td>What single issue or set of issues first suggested that a need existed for a new higher education (HE) institution?</td>
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<td>Ans. I think the first issue has to be the demographics: the incredible growth in population—especially in Clark Co. Second, there has been a slow but steady increase in the matriculation rate—the “going-to-college” participation rate.</td>
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<td>But isn’t that just a small percentage gain based solely on the overall population growth? Published figures show Nevada last or next to last in the matriculation rate.</td>
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<td>Ans. The state universities are continuing to experience real growth. However, there is a great need for more teacher and nursing education. A state college with no Research I pressures can satisfy that learning need easier than the universities. Also, there is declining state financial support (proportionally) for the universities in undergraduate education—which would be the primary mission of the state college.</td>
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5. Who created the structure/form of the Needs Assessment? The categories to be assessed? The quantitative Assumptions? Existing/recent new college formation models of assessment?
Ans. The state appointed Advisory Committee decided to save their $500,000 appropriation and use the UCCSN staff for design of the needs assessment study and subsequent data collection. The panel moved directly to a determination of the suitability of Henderson. Plus we had the RAND report indicating a need for multiple state colleges in S. NV.

In reading RAND, it becomes apparent that population growth is the principal driver of demand in their model for calculating need. What about the historical low matriculation/graduation rates in Nevada coupled with the culture and environment of not needing higher education to obtain a strong middle or even upper-class job?
Ans. We still have the need for more teachers and nurses in a booming growth community. The state needs a lower cost training capability.
6. What alternatives were reviewed? Expand UNLV? Expand CCSN?
Ans. We recently had experience with Great Basin College moving to four-year status in education-only programs. One of the issues the Advisory Committee (and the Regents) was concerned about was mission differentiation and/or mission creep. It was felt that a new institution could more easily transition from start-up to full accreditation without going through the rigorous “substantive change” process like GBC had to undergo and to expand UNLV (while certainly possible via a branch campus) would put stress on their research-oriented mission. The committee felt a new college dedicated to teacher training and nursing education/certification was the best alternative.

10. How were academic program opportunities determined?
Ans. Aside from the obvious (publicly-reported) shortages of teachers and nurses; the committee looked at the majors that students were leaving Nevada to find at out-of-state colleges/universities. Further, the Regents have an expressed goal of offering academic majors that will keep grads in Nevada. So with increasing shortages, the committee decided to focus on teacher/nursing education at the bachelor’s degree-granting level.

12. How was the initial budget determined? Out years?
Ans. Richard Moore, the founding President, asked for $3 million for planning and $5 million for each of the first two years. He later said “$3 million for planning was not nearly enough—and neither was one year.”

13. How were operating costs determined?
Ans. Operating costs would be embedded in the FTE funding formula used by the Legislature. Actual costs were “predicted” from utilizing System background and experience. There was a “sense of urgency” to get FTE funding for at least 500 students for the first year due to the political “fragileness.” The Advisory Committee bought into the cost savings of hiring faculty with mostly teaching workloads—it was thus assumed there would be greater productivity. “Faculty would be more entrepreneurial.”

16 What role does politics play in NSC new college formation?
Ans. “The whole process was very political.” There was constant negative press. “Richard (Moore) became a lightening rod.” The state didn’t fund enough resources or operating funds behind the idea. Also, the state put too much private fundraising responsibility on the start-up.
Interview No. 7
Subject: Florida Gulf Coast University Executive (Office of the President)
Date: August 15, 2003
Time: 1 PM

Question No. Questions, Answers, and Follow-ups
1. **What single issue or set of issues first suggested that a need existed for a new higher education (HE) institution?**
   Ans. There were actually a set of issues that led to interested community leaders in SW Florida believing that a new college or university was needed. First, although the greatest demographic category has been the two age groups over age 45, the overall growing population is facing a workforce shortage. Second, there was a growing “brain drain” of the smartest high school and college age students leaving and not returning to SW Florida. Third, the nearest 4-year university was over 150 miles away—making commuting difficult if not impossible for most.

2. **What led to the concept of a middle level (HE) institution between the community colleges and the universities?**
   Ans. The Florida State University System (SUS) had adopted a 2 + 2 transition / transfer program for matriculation between the state’s community colleges and the middle-tier state colleges / universities. SW Florida has a community college (Edison Community College) — but no corresponding state college. Florida’s system calls for two research universities and a network of middle tier masters-comprehensive state colleges that correlate to the community colleges in the 2 + 2 plan.

4. **How did the concept of a legislative bill for the assessment of the need gain momentum? Who was the driver in the Legislature? The Board of Regents? The local governments? The private sector, including industry groups?**
   Ans. The Florida SUS was reorganized in late 2000. Currently there is a statewide governing Board of Trustees with each university having its own Board of regents. Previously the governing state Board of Regents in the late 1980s had endorsed and approved the establishment of a branch / center extension of USF in Tampa for the Ft. Myers area. The USF Center offered limited course offerings—mostly in fulfillment of the 2 + 2 education program and some upper division business courses. The local SW Florida community — private / public / educational began recognizing the need for sustainability / continuity in higher education. By the early 1990s, the USF...
center had grown FTE to over 1000 in Ft. Myers, which prompted community
groups to petition SUS to prepare a needs assessment study for the state’s 10th
state university. Following a lengthy process the Regents approved the
concept and submitted the request to the Legislature. The Legislature in 1994
established the new university and planning commenced. One could say it
was a combined effort by many parties in SW Florida that started the
momentum.

7. How were the various sequential locations assessed? How did they become
available? Did site characteristics of the locations have any impact? Did
convenience have an impact?
Ans. In the case of both CSU Monterey Bay and the Ventura County campus,
the system was incredibly fortunate to receive first a gift of land valued at
over $1 billion dollars and in Ventura, an extraordinarily valuable property
that was formerly a state hospital. Our decisions for going forward were based
on demand and programmatic issues instead of financing land acquisition and
capital build-out proposals.

8. Who was responsible for the cost analysis component of the assessment?
What assumptions were offered / provided by whoever performed the cost
analysis? What reliability and validity assurances for the cost estimates were
provided?
Ans. The SUS staff was responsible for the cost analysis at FGCU. Given the
mission of FGCU, the SUS looked at the (admittedly) dated cost structures of
UNF and UWF which both opened in 1972 (or just before). In terms of cost
areas or components, the titles were the same and inflation factors were
superimposed.

9. How was student demand calculated / assessed?
Ans. The SUS followed the growth of the USF Center in Ft. Myers as the
benchmark for calculating student demand. Business programs were added
when FTE reached 500 in the late 1980s. By 1992-93, FTE at USF Ft. Myers
had reached nearly 1,000. The legislature had established a 1,000 FTE level
as the requirement for preparing a full academic needs assessment study for a
state university.

11. What analysis of tuitions at comparable institutions was performed?
Ans. The state Board of Regents (and now the Board of Trustees) establishes
tuitions throughout the SUS. There is some discretion in fees by location for
specific programs. The SUS staff compares like institutions in nearby states
but needs to correlate with state legislative appropriations—so it’s mostly an
internal analysis.

14. How was the role of faculty defined? What teaching or professional criteria
for faculty were considered? What student / faculty ratios were considered?
Ans. FGCU was established with a novel approach to faculty roles (for FL

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higher education). Florida SUS leaders got approval from the “United faculty Alliance” to establish a non-tenure system of multi-year contracts for faculty. The original contracts were for a term of three years. Now the contract system has been amended to a “rolling” term of three years—which “de facto is virtually the same as tenure.” There are, however, much easier methods in place to remove or terminate a faculty member. Going into the eighth year of the program, faculty acceptance has been “good” as evidenced by the average number of applications per faculty vacancy.

15. How was college accreditation addressed?
Ans. USF was the sponsoring institution. FGCU reached “candidacy” accreditation the year it opened and achieved “full fast-track approval” in 1999. This was “extraordinarily fast” according to the FGCU accreditation leader (Joseph F.) who had led periodic re-accreditation efforts for thirty years at Rutgers.

16. What role does politics play in FGCU new college formation?
Ans. Politics played a huge role throughout the formation process. From the original demand arguments—convincing the Legislature that notwithstanding the age demographics, there were enough students—to site selection, faculty roles, academic program specialization, campus architecture and landscaping—you name the topic, the first new college in 20 plus years became a political football in SW Florida. The founding president had to navigate “alligator-infested waters”—both literally and politically to achieve the reality of the FGCU campus.
Interview No. 8  
Subject: Nevada legislator  
Date: June 28, 2004  
Time: 10 AM

Question No. Questions, Answers, and Follow-ups
4. How did the concept of a legislative bill for the assessment of the need gain momentum? Who was the driver in the Legislature? The Board of Regents? The local governments? The private sector, including industry groups?
Ans. In 1997, about 60 acres in then extreme SW Reno near US 395 and the Mt. Rose Hwy. were purchased for a joint-use UNR / Truckee Meadows Center. Henderson had recently just become the state’s 2nd largest city. A bill was introduced in the 1999 session ($1,000,000—later chopped down to $500,000) to assess the need for a college in Henderson. Later the RAND Report came in suggesting demand based on population would force the Regents to build several more colleges. The bill created an Advisory committee to assess the need. At first, the bill called for it to be staffed only with Regents, but media opposition “cooled” that and a mixed political / regent committee was formed. So the idea originally was driven by the legislature.

6. What alternatives were reviewed? Expand UNLV? Expand CCSN?
Ans. The Advisory Committee looked at both alternatives.

But the final report dismisses alternatives in two or three sentences apiece.
Ans. We held several public forums and separate open hearings. The minutes of those meetings disclose the consideration of alternatives.

So, why weren’t one or the other pursued?
Ans. We came to the conclusion that UNLV had lost ground in its mission. It had to spend too much effort and costly instructional time offering remedial coursework and other general education classes. It wanted to become and was officially designated by the Regents to become a top research university. UNLV’s mission was slipping. At the same time, we were concerned about CCSN “creeping” away from its mission to offer a high percentage of vocational / occupational skills training. While true some transferred to four-year colleges, it has always been deemed a better place for lower division general ed and remedial instruction. Making it a full four-year college diverts away from its mission and we didn’t want to go there. Given everything about
the low Nevada college participation rates, the mission of CCSN for training in real-life skills is very important. So, an independent middle tier college solves some problems for Nevada. We begin to meet the population growth more efficiently; we improve college access at a time when UNLV would be tightening admissions; and we save state funds by lowering the overall cost of instruction. Instructors at NSC will teach 8-9 courses vs. 4-5 at UNLV; thereby allowing for a lower tuition rate at NSC.

9. How was student demand calculated / assessed?
Ans. We hear all the time about how employers are demanding a more skilled workforce. We’re trying to meet the need.

Which employers—not the gaming, hospitality, or mining / agricultural industries—arguable the dominant employers?
Ans. Aside from them, the growing population is attracting more knowledge-based industries—which want more skilled trained workers.

That sounds like your earlier argument for CCSN and its mission? When do you think enough non-gaming / hospitality type employers will really demand higher educated workers?
Ans. Well, its not right now, that’s true—but within a decade, we will need to be at full strength in our capacity for offering higher education.

But just a growing population does not dramatically change demand—it can cause some change; but the core issue is changing the Nevada culture about higher education. Until that happens, the participation rates will be constant and low.
Ans. We felt we couldn’t wait—it would cause too much of a lag within a decade. Call it an investment.

10. How were academic program opportunities determined?
Ans. The growth in southern NV was causing drastic shortages in teaching and nursing professions. We saw NSC as a natural to focus on those skilled professional fields.

But no sooner did NSC open than 10 other degrees get announced. Sounded like your term mission creep—from a professional school to a liberal arts and business curriculum?
Ans. All colleges have to offer general ed courses and there were synergies and efficiencies of having more highly productive faculty teaching more courses. For efficiency, NSC needed to attract a well-rounded student body. More than two programs meant we could efficiently attract diverse students at a lower cost of instruction.

11. What analysis of tuitions at comparable institutions was performed?
Ans. We looked at other middle-tier colleges and found we could charge a lower than university tuition and higher than the community college fee structures. We thought it would attract a qualified student where affordability was an issue.

12. How was the initial budget determined? Out years?
Ans. The initial budget was 100% tied to private fundraising goals. The state would kick in if the goals were met. Citizens in Henderson told the Committee and legislature that they could raise over the long term approximately $50 million with $10 million in the first two years of operations. We took them at their word, and frankly NSC would not have been authorized nor any initial funding approved without that local guarantee.

16. What role does politics play in OSU Cascades new college formation?
Ans. Politics and public policy always go together. Regarding NSC, the politics were huge and statewide. When the Advisory Committee decided to go forward, all statewide critics of government spending (for any reasons) became electrified. Most of the statewide media were against the concept and the costs (to be incurred now as an investment in the future). The editorials raged and ranted. Then the founding President became a lightening rod for controversy as well. Some local Henderson legislators even voiced opposition, although most supported NSC regardless of party. I think the day was won when the legislature realized the importance of the future investment in people and their education.
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| 4.          | *How did the concept of a legislative bill for the assessment of the need gain momentum? Who was the driver in the Legislature? The Board of Regents? The local governments? The private sector, including industry groups?*  
An. The central Oregon area is the fastest growing region in the state. Long-term central region legislators are now serving on key committees and posts in both houses. They pushed the idea for the Central Oregon Univ. Center (COUC) over a decade ago. The concept was for COU to emerge from the regional Center concept in 2003. The state’s declining economy and tight budget gave enough cause for the new Gov (elected in 2002) to kill COU in spring 2003. A near central Oregon secession forced his hand to allow OU and OSU to “bid” on converting the Bend campus to a branch of the research university level as an interim-term solution. OSU “won” the bid and the center opened as OSU-Cascades in fall 2003. |
| 7.          | *How were any alternative locations assessed? Did any become available? Did site characteristics of the locations have any impact? Did convenience have an impact?*  
An. No, the existing community college acreage in Bend was and will be sufficient for several years. Subsequently the city has donated land for a permanent campus—longer-term. Bend is the last region in Oregon not to have a four-year institution. The closest 4-year college is 125-150 miles in all directions. |
| 9.          | *How was student demand calculated/ assessed?*  
An. Oregon has a highly educated workforce. Studies have shown that over 2/3 of all jobs in central Oregon require a BA at least. That percentage is expected to increase to near 80% within 10 years. Those workforce factors and the remoteness from other higher ed campuses led locals to start demanding a campus over ten years ago. The population demographics of Central Oregon had never fostered great diversity of educational opportunities. By the end of the 1990s, the local economic development case was more mature and loudly calling for the establishment of a four-year institution. There also were empirical population studies performed for sheer
growth-related demand.

10. **How were academic program opportunities determined?**
    Ans. In the last year prior to OSU stepping in, a strategic plan was drafted and is currently being revised to reflect the new OSU—Cascades reality. With such a highly educated workforce both a current reality and a future opportunity, the new campus needs to meet those regional demands. It is known that we need to focus on computer science, technology-related courses / degrees, small business management, entrepreneurship, and environmental sciences. We’ve decided to offer fewer programs, but make those “deeper” academically.

11. **What analysis of tuitions at comparable institutions was performed?**
    Ans. There is an array of tuition plans in Oregon. Every public institution has its own tuition schedule—no centralized schedules.

    *No consistency between types of institutions? Say the research universities at one level and the state colleges at another, etc?*
    Ans. No, they are all individualized. Oregon has had tough times economically as a state. We’ve had several years of near double-digit tuition increases. Our campus in its second year will have an 11% increase.

16. **What role does politics play in OSU Cascades new college formation?**
    Ans. Politics has always played a large role in central Oregon’s attempts to gain a 4-year institution. From the establishment of a center, to the planning behind COU, to the political compromise that led to OSU-Cascades, regional and state politics have played a large hand. As I said, the new Gov. killed six years of planning for COU, but was forced to compromise regarding letting OSU come in with a branch. OSU asked for $10 million for this year and we got $6.8 million. We opened with 450 FTE and this fall we will enroll about 650 FTE. We think we’ll add 250-300 FTE for the next few years, reach a consistent 1000 FTE and then qualify for larger state funding. Part of the FTE shortfall (COU had almost 1000 FTE as a Center was the political instability when the Gov announced killing the campus—students transferred away in great numbers. We have to rebuild the trust that we’re here to stay.
APPENDIX C

New College Approval Process

Table C.1. Preliminary Notice.

C.1.0 Preliminary Notice
At such time as the public higher education system begins a planning process to establish a new community college, state college, or university campus, the governing board of the system shall forward to an independent commission a preliminary notice of the planning activities. The preliminary notice shall include:

C.1.1 The general location of the proposed new institution.

C.1.2 The type of institution under consideration and the estimated time frame for its development.

C.1.3 The estimated enrollment of the institution at its opening and within the first five years of its operation.

C.1.4 A tentative five-year capital outlay plan.

C.1.5 A copy of the agenda item wherein the new site is discussed by the governing board.

C.1.6 The preliminary notice represents an informational process and does not require formal consideration or approval by the independent commission.
Table C.2. Notice of Intent.

C.2.0 Notice of Intent

Not less than five years before the time it expects its first capital outlay appropriation for a new higher education campus, UCCSN should submit a letter of intent, meeting the requirements below to the independent commission with copies to the legislative counsel bureau. The letter of intent must include the following:

C.2.1 A preliminary 10-year enrollment projection of headcount and FTE for the new campus from the opening date by the UCCSN central offices. All necessary statewide demographic resources should be consulted in the preparation of this projection.

C.2.2 The geographic location of the new campus in terms as specific as possible. A description of each site under consideration should be included. In most cases, there should always be alternative sites under consideration.

C.2.3 The identification of neighboring public and independent institutions in the area in which the proposed campus is to be located.

C.2.4 Maps of the area in which the proposed new campus is to be located, including population densities, topography, road and highway configurations, general infrastructure, airports access, and other features of interest.

C.2.5 A time schedule for development of the campus, including preliminary dates and enrollment levels at the opening, intermediate, and final build-out stages.

C.2.6 A tentative five-year capital outlay budget beginning with the date of the first capital outlay appropriation.

C.2.7 A copy of the resolution by the Regents authorizing the new campus.

C.2.8 The independent commission shall respond to the chancellor of UCCSN within 60 days of the submission of the letter of intent. The commission may raise concerns about shortcomings or limitations in the proposal that would need to be addressed. If the plan or revised plan appears reasonable, the commission will advise the chancellor that the system may move forward in the planning process.
Table C.10.3. Needs Study.

C.3.0 Needs Study

C.3.1 General description and overview. It should have an opening section that includes a general description of the proposal, a physical description of the site, and a social and demographic analysis of the area. Data describing the socioeconomic profile of the area or region should be included with income levels and ethnic categorizations provided.

C.3.2 Enrollment Projections

Enrollment projections generated or prepared by UCCSN must be sufficient to justify the establishment of the new campus. For a proposed new university, state college, or community college, enrollment projections for the first ten years of operation must be provided.

The Legislative Counsel Bureau Fiscal Division or other designated agency must approve the enrollment projections. An agency like or similar to the Fiscal Division should have statutory responsibility for reviewing and certifying the system-generated enrollment projections. Upon request, the Fiscal Division can provide the system with advice and instructions for the preparation of enrollment projections.

Undergraduate enrollment and attendance projections shall be provided in terms of Fall-term headcount and FTE students.

A discussion of the extent to which, in quantitative terms, the proposed campus will increase statewide capacity and help meet statewide and regional academic, enrollment demand.

The UCCSN system office shall prepare graduate and professional student enrollment projections. In preparing these projections the specific methodology or rationale generating the projections, an analysis of supply and demand for graduate education, and the need for new graduate and professional degrees must be provided.

For a new state college campus, statewide enrollment projected for the aggregate system should exceed the planned enrollment capacity of existing state college or higher education centers. If the statewide enrollment projection does not exceed the planned enrollment capacity for the system, compelling regional needs must be demonstrated.

C.3.3 Alternatives. Proposals for new institutions must include at least the following:

The impact of not establishing a new campus.

The possibility of establishing an educational center instead of a university or state college campus.

The expansion of existing institutions within the region.

Increased utilization of existing institutions, particularly within the afternoons, evenings, weekends, and summer months.
The shared use of existing or new facilities or programs with other post-secondary institutions in the same public system or with independent institutions.

The use of non-traditional instructional delivery modes such as distance education via television, computerized instruction over the Internet, and other distributed education instructional modes and technologies.

Financing the new institution through private fundraising or donations of land or facilities.

A quantitative cost-benefit analysis of alternative sites including an empirical comparison of alternative sites with the new proposed institution must be articulated and documented. This criterion may be correlated with or satisfied by an environmental impact report, provided it contains a comprehensive analysis of the advantages and disadvantages of alternative sites. Overall, the proposal must document substantial analytical integrity with regard to the site selection process.

C.3.4 Support and Capital Outlay Projections

The proposal must include a ten-year capital outlay projection that includes the assigned square feet (ASF) anticipated to be required for each year, with estimates of average cost per ASF.

The proposal must include a five-year projection of anticipated support costs including administration, academic programs, academic support, and other standard expense elements.

C.3.5 Effects on Other Institutions

The proposal must provide evidence that other institutions and the community in which the new institution is to be located were consulted during the planning process, especially at the time that alternatives to expansion were explored. Letters of support from responsible agencies, groups, and individuals must demonstrate strong local, regional, or statewide interest in the proposed facility.

The proposal must identify the potential impact of the new facility on existing and projected enrollments in neighboring institutions within UCCSN.

The establishment of a new college must not reduce existing and projected enrollments in adjacent higher education institutions, whether they are community colleges or universities, to a level that will damage their economy of operation, create excess enrollment capacity at those institutions, or lead to an unnecessary duplication of programs.

C.3.6 Economic Efficiency

To the fullest extent possible, the state and the independent commission encourage economic efficiency. By this measure, the citizens of Nevada should be made better off via greater access to higher education institutions while not bearing the longer-term burden of unnecessary public support. The independent commission shall give priority to new institutions that relieve the state of all or part of the financial burden. A higher priority shall be granted to those proposals
that include gifts of land, construction costs, or equipment than to projects where all projects are borne by the state, assuming all other criteria are satisfied. The independent commission shall determine and may give a similar priority to collaborative efforts in underserved regional areas of the state.
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