



## Audit finds some problems, but not serious ones

By Tom Kacich  
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SPRINGFIELD – Five issues, or findings, were uncovered in a financial statement audit of the University of Illinois released Thursday by Illinois Auditor General William Holland.

In all five cases the UI accepted the findings of the audit and pledged to develop procedures to address the findings.

Two of the findings were related solely to the operation of the UI's Health Services Facilities System, primarily its medical center in Chicago.

By comparison a recent audit of Chicago State University contained 13 findings. Audits of Western Illinois and Eastern Illinois universities had five findings, an audit of Southern Illinois University had four and an audit of Illinois State University had two.

"The University of Illinois is pleased that the auditor's opinion is without qualification," said Walter Knorr, the UI's vice president and chief financial officer. "We have a dedicated business and finance staff across the university who are instrumental in the university receiving a positive report."

The three main findings were as follows:

– Inadequate controls over user access to information systems. The audit found that "an excessive number of users" had the ability "to perform transactions in unlimited dollar amounts or with the capability to modify system data.

"Specifically we noted 2,258 users have access to create journal entries in unlimited dollar amounts without a supervisory review," the audit found. "We also noted 1,725 users with access to update employee pay rates within their assigned departments and 112 individuals with access to update employee pay rates of all individuals across all departments of the university."

Auditors said the UI "has not implemented procedures to monitor user access through periodic access reviews."

The failure to "properly assign and monitor user access rights may result in erroneous or fraudulent transactions being recorded in the general ledger system," the auditors said. "Without adequate security over access rights, there is a greater risk that unauthorized changes or additions to the university's financial systems could occur and not be detected in a timely manner."

In its response the UI acknowledged "that improvements to the user access control environment are needed and will be beneficial."

– Inadequate controls over university procurement card transactions.

The UI has approximately 5,700 active procurement cards, the auditors said. Each cardholder is allowed to make purchases of less than \$4,999 on a credit card that is reimbursed by the university on a monthly basis. The auditors found that UI policies and procedures "were not properly designed to prevent erroneous charges from being paid by the university and were not followed consistently by university personnel."

Specifically, the procurement card system is configured so that it will automatically record transactions if the cardholder or an assigned reviewer have not approved transactions within seven days. That is inconsistent with the UI policy that requires approval of procurement card transactions, the audit said.

"The university also has not implemented procedures to identify duplicate charges or to reconcile procurement card transactions with travel reimbursement forms," the audit said. "As a result erroneous or duplicate charges may be paid and recorded by the university without any further detective controls to identify them."

The auditors reviewed 40 procurement card transactions totaling \$42,586 and found four transactions (for a total of \$659) that were made and approved by the same individual, another transaction (for \$1,356) made by an individual other than the cardholder and one for which no university business purpose was documented (for \$12 in parking fees).

"Failure to properly review and approve procurement card transactions could result in erroneous or fraudulent transactions being recorded in the general ledger system," the auditors said.

– An inadequate year-end accounts payable process. Some disbursements were credited to the wrong fiscal year, the auditors found.

"Failure to analyze cash disbursements subsequent to year end may result in the misstatement of the university's financial position," the auditors said.

STUDENT LOAN PROGRAM

# End of private lending won't affect UI much

## But DACC must shift away from Stafford program

By JULIE WURTH  
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A major overhaul of the federal student loan system that drops a private lending option will have little impact at the University of Illinois, but one area community college is preparing for change.

Congress on Thursday eliminated the Family Federal Educational Loan program, also known as Stafford loans, in which banks and other lenders get subsidies from the federal government to loan money to low- and middle-income college students. The measure will shift all funding to the Direct Loan

program, which lends money from the Department of Education directly to students. The change will affect federal loans issued July 1 or later, but not existing loans.

The House passed the measure 220-207 as part of an expedited bill that also fixed provisions in the new health care law. Earlier Thursday, the Senate passed the bill 56-43.

Eliminating the government-backed private loans is expected to save \$60 billion over 10 years, and that money will be used to increase Pell grants to needy students, improve funding for community colleges and historically black colleges, and ease repayment terms for students burdened by debt.

That's good news to Dan Mann, director of financial

aid at the UI, a proponent of Direct Loans. The UI helped draft the Direct Loan program in the early 1990s and has used it exclusively for years, arguing it's more efficient and better for students than the private option.

"Our students are not going to see any change" as a result of the legislation, Mann said this week.

And anything that increases Pell grants is a plus, Mann and other college officials said. The plan provides modest cost-of-living increases for Pell grants, which had lost purchasing power in recent years as tuition and fees rose and grants remained stagnant. The maximum Pell grant will rise to \$5,500 next year.

Danville Area Community

Please see LOANS, A-8

## LOANS

Continued from A-1

College uses the Family Federal Educational Loan program, but it's been preparing for the July 1 changeover to Direct Loans for months, President Alice Jacobs said.

"We've known that this was likely to happen," she said. "We'll be ready for it."

It may be more labor-intensive for the college's four-person financial aid office to process Direct Loans, she said, so there could be staffing implications. But "I don't expect that to be a significant problem," she said.

That may have been a factor in the college's decision not to switch to Direct Loans before now, Jacobs said.

Financial aid is big business at the UI and other schools. More than 17,000 students at the university — about 43 percent of undergraduates and 24 percent of graduate and professional students — took out \$210 million in government and/or private loans in 2008-09, according to UI figures. And 4,852 UI undergraduates received Pell grants worth \$16.6 million, Mann said.

Student lending giant Sallie Mae and large financial institutions such as Citigroup, JPMorgan Chase and Bank of America stand to lose billions in student-loan business. They lobbied heavily against the bill, arguing that making the government the sole student lender

will cost thousands of jobs and eliminate competition and choice for students.

Sallie Mae issued a statement this week saying it would have to cut 2,500 jobs as a result, out of a work force of 8,600. The student loan changes "intentionally eliminate private-sector jobs at a time when our country can least afford to lose them," said Vice President Martha Holler.

Republicans see it as a pattern of government takeovers, following health care reform and government bailouts of the financial and auto industries. Democrats say the private lending program amounts to corporate welfare.

Under the Family Federal Educational Loan program, the government guarantees the bank loans in the event of default and subsidizes private lenders when necessary to keep rates low.

"The federal government was paying huge subsidies for the lenders to be part of the FFEL program," Mann said. "And these were very low-risk loans for the private market."

In the past few years, the government bought up many of those loans because lenders needed to sell them to raise capital, Mann noted.

The nonpartisan Congressional Budget Office found that Direct Loans are cheaper for the government and students than the Stafford loan program, he said. "It works very well. It is run efficiently," Mann said. "A lot of these fears are unfounded."

Parkland College has used only Direct Loans since the mid-1990s, said Tim Wendt, director of financial aid and veteran services. About 2,000 students borrowed \$9 million in Direct Loans this year, up from \$8 million a year ago.

"Going through the banks was a pretty unwieldy process back then. Each bank had its own policies. It was bad for students," Wendt said.

Customer service was spotty, and students often had to wait longer for loans, Wendt said. Banks have improved services since then, he said, but "this is just more streamlined. You cut out the middleman."

And no matter when or where students take out Direct Loans, they still just have to deal with one lender, Mann added.

Banks are still free to offer private market-rate loans to students, Mann said. But without government subsidies they tend to carry higher interest rates — into the double digits depending on credit risk — and more students report being denied, he said.

Under both the Direct Loan and the Stafford loan programs, the interest rate is 5.6 percent for students who show financial need, which will drop to 4.5 percent in July, Mann said. The rate for other students will stay at 6.8 percent.

The loans are open to any college student regardless of income who is a U.S. citizen, is enrolled at least half-time, hasn't defaulted on a previous loan and meets other eligibility criteria, Mann said.

## UI students' borrowing is at \$210 million\*

### Federal Direct Loans:

13,526 undergraduates borrowed \$126.87 million.  
3,340 graduate and professional students borrowed \$61.8 million.

Total: 16,866 students borrowed nearly \$188.7 million.

### Federal Family Educational Loans:

UI does not participate in this program.

### Private loans (not government-backed):

1,636 undergraduates borrowed \$19.9 million.

98 graduate and professional students borrowed \$1.32 million.

Total: 1,734 students borrowed \$21.3 million.

\*Numbers reflect the 2008-09 school year and summer 2009 term; UI's total enrollment during that period was 46,620 students. Some students took out both government and private loans.

## chicagotribune.com

### Don't be fooled

9:04 PM CDT, March 24, 2010

Mom, a paragon of manners, stresses the importance of offering sincere gratitude before asking for more. In keeping with that advice, we thank Illinois legislators for their approval late Wednesday of scaled-down pension benefits for *future* public employees.

Just so we're clear, though: A logician would say this legislation is necessary but not sufficient. A hungry logician would say it's not even half a loaf. It's a nice, firm crust — cut way too thin.

The measure, which the House passed Wednesday afternoon and the Senate Wednesday night, would raise the age at which retiring public-sector workers could collect full pension benefits. It also would put new limits on several pension plan provisions — again, for future hires.

House Speaker Michael Madigan offered numerous repetitions Wednesday of a line intended to calm public employee unions: "This bill does not affect anybody who works for a government today."

And that's the problem.

We want every past or current public worker to get what the state constitution guarantees: the full pension benefits that employee *already has earned*. And we appreciate the fact that, under this measure, less generous pension provisions for employees not yet hired could save taxpayers billions of dollars in future decades. (Unless, that is, lawmakers spend those prospective savings before they materialize.)

But most of these cost reductions don't come at an especially urgent time: right now. Lawmakers still need to lower future benefits in current employees' gold-plated plans. That's where the drain on current resources is — the unsustainable obligations created by previous governors and legislatures.

Which is why we've championed the plan by the Civic Committee of the Commercial Club of Chicago to limit benefits that current employees earn *going forward*. Under that plan, private-sector workers in similarly frozen pension plans still would be envious: Public workers would retain defined-benefit pensions — an endangered species out here where most taxpayers live.

That said, we understand the realpolitik here: Democrats and Republicans who voted for this bill Wednesday can tell voters they've done *something* worthwhile, even if it doesn't much diminish the state's current budget crisis *or* pay down our already staggering unfunded pension obligations.

What the politicians can't pretend, though, is that this bill repairs how Illinois spends money *today*. Until they've made the major spending reforms that this page and other voices keep advocating, Gov. Pat Quinn is free to keep scaring people with his threat to slash education funding by \$1.3 billion.

Moving on from Wednesday's action to real pension reforms affecting current employees should, by itself, mean school districts wouldn't have to fire all those thousands of teachers.

Changing how Illinois spends today also should silence Quinn's call for a tax increase — something this jobs-starved state should avoid if at all possible.

Late Wednesday, Quinn issued a statement praising the measure and adding that he looks forward to "making pension reform a reality in Illinois."

So do we.

That means now enacting much more ambitious pension reforms. Illinois lawmakers need to give current public employees still-generous benefits that are more in line with what private-sector workers and employers can afford.



## U of I Extension starts cuts to save about \$5 million

By RHYS SAUNDERS (rhys.saunders@sj-r.com)

THE STATE JOURNAL-REGISTER

Posted Mar 26, 2010 @ 12:24 AM

Last update Mar 26, 2010 @ 06:56 AM

The first issue of this planting season's "The Bulletin," put together by University of Illinois Extension specialists in crop sciences, was released Thursday.

But you've got to go online to get it. For the first time ever, The Bulletin, which delivers the latest Extension news to farmers and industry representatives, will be available via the Internet only.

Faced with about \$5 million in spending cuts for the fiscal year that begins July 1, U of I Extension, which also is home to youth 4-H programs, says it can no longer afford to print and mail paper copies of the publication.

Extension, which provides instruction ranging from livestock judging to farm safety to cooking and gardening classes, is hosting a series of hearings statewide to get public input on what will probably be a substantial reorganization, one that could include county office closings or consolidations and layoffs, according to Bob Hoeft, Extension's interim director.

The result would be that while classes would still be offered, participants, many in rural areas, might have to travel a lot farther to get to them.

"We just don't know how much we're short, exactly," Hoeft said, citing a potential deficit of \$4 million to \$7 million at the March 9 hearing in Springfield.

Youths such as Isabella Graff, 14, of Middletown, who attends classes in Springfield, are among those who could be affected.

Graff has been showing cattle for seven years and is in her fourth year with the Sangamon-Menard Extension Unit's livestock-judging program, which teaches youths to evaluate the quality of animals based on show or meat quality.

"It's supposed to help when you're picking a herd because you want to know which cows are better," she said. "Livestock judging helps you with that. I've learned to be a better judge, which cattle to keep and which cattle to sell."

Robert "Woody" Woodruff, 4-H program coordinator for the Sangamon-Menard Unit, said he's confident the programs offered locally won't be among those cut.

"We're in the state capital, and it kind of has an aura to it," he said. "If this place isn't going to have it, then probably no place else is going to have it. We're very fortunate to be in the capital."

Another of the teens participating in the class at the Extension building on the Illinois State Fairgrounds, Jared Whitcomb, 18, of Greenview, said he's been around sheep since he was a baby.

The Extension instruction has been a huge help and one that will make him better equipped for college, he said.

"It helps you evaluate livestock better and helps you be able to socialize and take on responsibilities," Whitcomb said. "Hopefully, this helps me go through college, because I plan on livestock judging in college."

### Personnel biggest expense

Extension is part of the federal land-grant university system, a 90-year-old tradition of connecting citizens with the University of Illinois by providing educational programs to improve their quality of life. Extension educational programming is offered in all of the state's 102 counties.

Communities are directly served by Extension staff members in 77 unit offices while Extension educators in 12 centers across the state and specialists on the U of I campus develop and deliver in-depth programming locally, in regional venues, and through distance-learning technologies.

About 70 percent of Extension's \$65 million budget — which supports 800 employees in 2009 — goes to personnel. Another 10 percent is spent to rent facilities, Hoeft said.

"For every million dollars in rent that we cut, we save 15 people's jobs," he said. "That's what I want. I want to keep as many people out there as we can."

Diane Duewer, county director for the Sangamon-Menard Extension Unit, said she has no idea what cuts, if any, will be made to the local office. Much of that uncertainty stems from not knowing how much locally generated funding the state will match, she said.

The legislature appropriates funding called a county board match, she said. For every dollar collected locally to support Extension, the General Assembly determines a percentage to match.

"In a good year, it was 100 percent match. But last year, it was about 82 or 85 percent," Duewer said.

In Sangamon and Menard counties, Extension collected about \$268,000 from local resources in 2009, matched by \$216,000 to \$228,000 from the state. Duewer said she's still waiting to see what the match is this year.

Matt Montgomery, director of the Mason County Extension office in Havana, stressed the importance of taking positive reorganization steps.

"The state is in a real financial crunch, and we're trying to find a way to survive in that," he said. "It's better to make those changes now than after the fact."

Montgomery said he hopes a formal plan will be drafted within the next few weeks but was not aware of a specific timetable. He added that he didn't want to speculate about potential effects on Mason County until a plan is in place.

## Office closings likely

Statewide, there are several options when it comes to making up a \$5 million shortfall.

Downsizing county offices is one option, and combining county administration and programs is another, Hoeft said.

"We're going to close some centers as soon as we can," he said. "People are concerned if they don't have it in their own county. Sangamon and Menard have been combined for quite some time, so it's not a matter of losing your county, but making your county bigger."

The ideal county combination is three per unit, he said.

Duewer said many Extension programs are run by volunteers, so cuts probably would be made in administrative staffing, such as her own position. If more counties are combined, those working within them will be spread thinner, she said.

"The county director would have more responsibilities, servicing another county or two counties or three counties," Duewer said. "If a unit has several counties involved and they have two or three educators, those people would have to travel from county to county to provide programming."

State Sen. Larry Bomke, R-Springfield, said he hopes Gov. Pat Quinn will rethink cuts proposed for state agencies, including Extension.

"We can only hope and encourage him not to make the drastic cuts," Bomke said. "I realize he has a difficult decision when you have a \$13 billion deficit. I'm disappointed there have to be cuts, but at the same time I recognize the governor has some very difficult decisions to make."

Woodruff said he would be shocked if a volunteer-driven program such as livestock judging is eliminated, noting that it helps children learn about public speaking as well as judging livestock. It's also a stepping stone from high school livestock judging to doing so at a collegiate level.

"The nice thing about the livestock judging and the way it's set up ... (the staff are) volunteers and they oversee the kids," Woodruff said. "As long as there's an Extension or a land-grant university willing to house 4-H, we'll have this program."

## What Extension does

University of Illinois Extension offers educational programs in five broad areas:

- Healthy society
- Food security and safety
- Environmental stewardship
- Sustainable and profitable food production and marketing systems
- Enhancing youth, family and community well-being

While most Extension programs are offered on an informal, non-credit basis, U of I Extension does offer continuing education credits in some fields of study. Extension programs may be offered as hands-on workshops, field days, self-paced tutorials via the Web, or in other formats that are suitable for the audience and subject matter.

*Source: University of Illinois Extension*

## Extension by the numbers

- \$65 million budget
- About \$45 million spent on personnel
- About \$5 million spent on rent
- \$5 million shortfall projected for upcoming year
- 800 employees supported by Extension in 2009
- More than 2-1/2 million Illinoisans take part in Extension programs each year
- Nearly 300,000 people involved in 4-H annually
- More than 10 million page views monthly on Extension Web pages
- 77 unit offices and 12 Extension centers across the state

## To get The Bulletin

The Bulletin will consist of 25 issues in 2010. The first was delivered Thursday. Issue 2 will be available April 8 and issue 3 on April 22. After this, it will be published weekly until Aug. 12.

To subscribe, go to <http://ipm.illinois.edu/bulletin/subscribe.html>.

For more information, go to <http://ipm.illinois.edu/bulletin/>, or contact Vince Davis, U of I Extension soybean specialist and editor of The Bulletin, at 217-244-7497 or [vdavis@illinois.edu](mailto:vdavis@illinois.edu).

## For more information

Information on the Sangamon-Menard Extension Unit can be found at:

- 2501 N. Eighth St., Illinois State Fairgrounds, Building 30, (217) 782-4617
- P.O. Box 138, Petersburg, (217) 632-7491
- [www.extension.uiuc.edu/sangamonmenard/](http://www.extension.uiuc.edu/sangamonmenard/)

Rhys Saunders can be reached at 788-1521.

### Could bigger salaries buy winning records?

If the University of Illinois athletic director increased the annual salary and benefits of himself, the football coach and the basketball coach from \$1.25 million each to \$5 million each, might the three of them then be able to come up with at least one winning team?

However, some might consider both the salaries and the performance outrageous for a university suffering a financial crisis.

GEORGE E. BRAZITIS  
Champaign

Posted on Fri, Mar. 26, 2010

## SIUE expected to forgo tuition hike, despite state's budget problems

BY ELIZABETH DONALD  
News-Democrat

Southern Illinois University is unlikely to increase tuition despite economic woes, as the university declares it can meet payroll through mid-May.

The SIU system received another payment from the state on Monday – its first since January. SIU had nearly depleted its surplus to keep the university going as the state fell behind in its mandated payments.

Legislative liaison Dave Gross confirmed that the state paid SIU its federal stimulus money of \$15.9 million and reimbursed it for Monetary Assistance Program grants in the amount of \$11 million. These grants help low-income students.

The latest payments mean the state has paid about \$81 million, or 35 percent of the \$233 million it will owe SIU by the end of the year. It's enough to cover payroll for April, though another \$17 million to \$20 million will be needed for the two-campus system to pay everyone in May.

"The optimistic part is this is the time of year when the state has more fluid cash flow because of tax receipts coming in," Gross said.

State funding comprises about 55 percent of SIUE's unrestricted budget.

"At a private school, tuition covers most of (educational) costs," SIUE budget director Bill Winter said. "At a state university, for every dollar a student is paying in tuition, the state is matching us with a dollar."

Only this year, the state is about 65 percent in arrears.

Despite these economic trials, SIU President Glenn Poshard said he would recommend a tuition freeze for the 2010-11 year for the Edwardsville and Carbondale campuses.

"SIUE already has the lowest tuition and fee total among all 12 Illinois public colleges and universities, and a zero percent increase will only enhance the position of SIUE as a great educational value," Chancellor Vaughn Vandegrift said.

Winter said officials will delay some maintenance and repair work and will freeze hiring except for key positions, even as the president's office has asked that contingency funds be increased to about 4 percent, or \$5 million to \$6 million more than the usual 2 percent, \$2.8 million.

"We've never been frivolous with the use of our money, but it has gotten much tighter," Winter said.

Vandegrift said a combination of conservative budgeting and projected increases in enrollment will keep SIUE in the black. Enrollment has increased an average of 2 percent each year since 2007, which Winter said would bring in an additional \$1.5 million in funds.

"It's been an incredible success for Edwardsville, and the feeling is that can be replicated on the Carbondale campus," Gross said. "Our tuition payers are middle-class folks, and a lot of them are out of work right now."

All state universities are struggling as the state fails to make its payments. Some schools reportedly are postponing paying their bills. Most universities have frozen hiring and cut expenses. The University of Illinois will increase class sizes as it awaits \$487 million owed by the state.

Poshard said state universities are now at a crossroads, after years of seeing state budget cuts countered by double-digit tuition increases.

"One path leads to the continued privatization of public higher education, the other to a solution to the state's drastic decline in state revenues that would allow this public university to honor its tradition of offering high-quality degrees at affordable prices," Poshard said.

Contact reporter Elizabeth Donald at [edonald@bnd.com](mailto:edonald@bnd.com) or 659-0985.

## Views

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### Adapt or Decline

March 26, 2010

By Anya Kamenetz



In a faraway colony, one in a thousand people -- mostly young, rich, white men -- are sent to live in isolated, rural Christian communes. Some are pious, learned, ambitious; others are unruly younger sons with no other prospects. The students spend hours every day in chapel; every few years, the entire community is seized by a several-days-long religious revival.

They also get into lots of trouble. In their meager barracks they drink, gamble, and duel. They brawl, sometimes exchanging bullets, with local residents, and bother local women. Occasionally they rebel and are expelled en masse or force administrators to resign. Overseen by low-paid clergymen too deaf or infirm to control a congregation, hazed by older students, whipped for infractions of the rules, they're treated like young boys when their contemporaries might be married with children. And, oh yes, they spend a few hours a day in rote memorization of fewer than a dozen subjects.

This was the typical 18th century American college, loosely modeled on England's Oxford and Cambridge, which date to the 13th century. Nine colleges were founded in the colonies before the Revolution, and they're all still in business: Harvard, William and Mary, Yale, Princeton, Columbia, Penn, Brown, Rutgers, and Dartmouth.

For universities, history is authority. It's no accident that America's most prestigious institution, Harvard, is also its oldest, or that some of the oldest organizations of any kind, worldwide, are universities.

Surveying the history of American colleges and universities with a jaundiced eye convinces me that many aspects of the current so-called crisis in higher education are actually just characteristics of the institution. It has always been socially exclusionary. It has always been of highly variable quality educationally. It has always had a tendency to expand. In fact, it is precisely because we are always asking more and more of education at all levels that its failures appear so tremendous.

Still, the United States does seem to have reached an impasse today, given escalating demand for higher education, spiraling costs, and limited resources. Unlike the 1860s and unlike the 1960s, there is little national will to grow our way out of this problem by founding more colleges or spending much more money on the ones we do have. Is this merely one more symptom of national decline? Have we hit some kind of natural limit for an educated population? Or is there a mismatch between the structures of the past and the needs of the present?

America can't remain a global economic powerhouse while it slides to the middle of the heap in education. Nor can we grapple with the challenges we face as a global community without meeting the world's burgeoning demand for education. Nor can college leaders get away with claiming that their hands are tied and only more taxpayer and tuition dollars can solve their problems.

There are two basic options the way I see it: fundamentally change the way higher education is delivered, or resign ourselves to never having enough of it.

The good news is that all over the world people are thinking big about how to change higher education. Brick, stone, and marble institutions with centuries of prestige behind them are increasingly being joined by upstarts, both nonprofit and for-profit, and even more loosely organized communities of educational practitioners and apprentices.

The **open courseware movement** started at the Massachusetts Institute of Technology in 2001, when the school decided to put its coursework online for free. Today, you can go online to MIT **OpenCourseware** and find the full syllabuses, lecture notes, class exercises, tests, and some video and audio for 1,900 courses, nearly every one MIT offers, from physics to art history. As of March 2010, 65 million people from virtually every country on Earth have raided this trove.

Open educational content is just the beginning. Want a personalized, adaptive computer tutor to **teach you math or French?** A class on your iPhone that's structured like **an immersive role-playing game?** An **accredited bachelor's degree**, in six months, for a few thousand dollars? A free, **peer-to-peer Wikiuniversity?** These all exist today, the beginnings of a complete educational remix. Do-It-Yourself University means the expansion of education beyond classroom walls: free, open-source, networked, experiential, and self-directed learning.

This opening world presents huge questions about the true nature of a college education: questions that are legitimate even when they are raised with self-interest by traditional educators.

The university is over a thousand years old, older than modernity itself. On American soil it has grown like **Katamari Damacy**, the Japanese video game in which a magical "clumping spirit" snowballs around the world collecting everything in its path until it attains the size of a star. The latter-day "**multiversity**," as it was dubbed by the University of California president Clark Kerr in 1963, clumps teaching with research, vocational and technical education with liberal arts, sports, clubs, and parties with intellectual life, accreditation and evaluation with mentoring and friendship. For students "college" means very different things at different times: the place to grow up, be out on your own, make friends, take leadership roles, prepare for and find a good job, and even learn.

Technology upsets the traditional hierarchies and categories of education. It can put the learner at the center of the educational process. Increasingly this means students will decide what they want to learn, when, where, and with whom, and they will learn by doing. Functions that have long hung together, like research and teaching, learning and assessment, or content, skills, accreditation, and socialization, can be delivered separately.

There's no good way to measure the benefits of the old-fashioned face-to-face educational model; there's worry that something important will be discarded in the race ahead. More fundamentally, no one knows if it's possible to extend the benefits of higher education to the majority of a population without diluting its essence. But those are questions that educators ought to be testing and investigating rigorously. College leaders who want to be on the right side of history won't hold stubbornly to the four-year, classroom-hour-based "butts-in-seats, nose-to-nose, face to face" model as the only way to provide the benefits of a liberal arts education. They will innovate to meet students wherever they are, and they will reinvent assessment to provide much better transparency about what students are learning.

Here are four trends guiding this transformation, as they might look from the point of view of college leaders:

**1. The 80/20 Rule.** Is your institution part of the leading-edge 20 percent? How will you attract and serve the "nontraditional" student who is the new norm? Most of the growth in higher education over the next century will come from **the 85 percent** of students who are "nontraditional" in some way -- older, working adults, or ethnic minorities. They will increasingly attend the 80 percent of institutions that are nonselective. This includes most mainstream public universities and particularly community colleges and for-profit colleges, which saw the sharpest growth in the 2000s.

For-profit colleges are the only U.S. institutions that have both the resources and the mission to seriously expand their numbers in the foreseeable future. Community colleges already enroll half of all undergraduates. Both disproportionately enroll the demographic groups that dominate the next generation of Americans: Hispanics, all other minority groups, and first-generation college students. Some of the boldest thinking is happening in institutions that are far from the ideal of either the multiversity or the colonial "little college." Yet, they typically lack the opportunity for undergraduates to participate in original research, not to mention many of the intangibles of college life like dorms and extracurriculars. Concerns about quality and affordability in the new mainstream of higher education have to be addressed head-on. The answer is not for established institutions to exclude the upstarts from the conversation.

**2. The Great Unbundling.** Which services and departments are core to your mission? Where can you partner, outsource, or pool resources across the state, the nation, or the world for greater efficiency? Universities have historically combined many social, educational, and other benefits in one-stop shopping. Increasingly, some of these resources (e.g., faculty time) are strained, while others (like written course content) are approaching a marginal cost of zero.

As it has with industries from music to news, the logic of digital technology will compel institutions to specialize and collaborate, find economies of scale and avoid duplications.

Books can be freed from the printed page, courses freed from geographical classrooms and individual faculty, and students freed from bureaucratic obstacles to transferring course credit between institutions, or designing their own courses of study.

Could any of your departments flourish on its own? Stripped-down institutions that focus on instruction or assessment only, or on a particular discipline or area, will find more and more audience. The most cutting-edge sciences and the most traditional liberal arts can both flourish in a specialized, concentrated, and technologically enhanced setting. I have seen professors elevate the craft of teaching rhetoric, composition, and critical thinking to new heights using social media and applying cutting-edge research about learning.

**3. Techno-hybridization.** Are distance learning decisions confined to the IT office? Are you creating online courses through a cheap,

hands-off process, or are you experimenting across disciplines with the best ways to integrate online and offline experiences? How can you identify and support your internal innovators among faculty? **Department of Education research** shows that a blend of technology-assisted and traditional class instruction works better than either one alone. This blending can occur with institutions enrolling students on campus or off, in classrooms or online -- studies have shown that students do a better job collaborating online if they meet in person even once.

**4. Personal Learning Networks and Paths.** How well does your college serve the transfer, dropout, and nontraditional student? How easy do you make it for students to design their own experiences? People who graduate from high school at 18 and go straight through four years of college are already a tiny minority of all young Americans, around one in ten. Pulling America out of its educational slump requires designing programs flexible and supportive enough to reach the 44 percent of students who currently drop out of college and the 30 to 35 percent who drop out of high school. These programs have to provide socialization, personal development, and critical thinking skills, not just job training.

Self-directed learning will be increasingly important. Already, the majority of students attend more than one institution during their college careers, and more than half seek to enhance their experience with an internship. In the future, with the increasing availability of online courses and other resources, individuals will increasingly forge a personal learning path, combining classroom and online learning, work and other experiences.

The open-education pioneer **Alec Couros** at the University of Saskatchewan talks about assembling personal learning networks that include mentors, colleagues, media sources, books, and collections of links. The existing system will be challenged to come up with new forms of accreditation, transfer credits, and certification so that the value of this work can be recognized by potential employers and others.

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Education is an essentially conservative enterprise. If we didn't believe that one generation had something important to transmit to the next, we wouldn't need education. So changing education makes lots of people nervous, especially school leaders whose salary comes from the old model.

Still, in an ideal world, we can agree that opportunities to stretch your abilities, test your personal mettle, follow your natural curiosity, and jam intellectually with friends, colleagues, and mentors -- all the good stuff that is supposed to happen in college -- would be more open to more people at all ages and transition points in life. Traditional colleges will continue to find plenty of eager applicants who want the experiences only they can provide.

The 80 percent of American college students who currently attend nonselective institutions will have many more options, and so will the majority of young people, those who drop out or who never apply. Alternatives to the four-year bachelor's degree will get more visible and acceptable, which might help bridge one of the biggest social divides in American life. Tuition costs would reach sane levels due to increased use of technology, true competition, and better-allocated federal and state incentives. This would lower one of the most important barriers to educational access.

By modifying the economics of the nation's second largest industry, we'd save money, and tap the resources and energy of a whole new generation to tackle challenges like building a greener society, expanding the middle class, creating better jobs, and providing people with health care. Whether these incipient changes will lead to that kind of positive transformation, however, still hangs in the balance.

It depends largely on whether the guardians of existing institutions embrace transformation, or let history pass them by.

*Anya Kamenetz's **new book** is **DIY U: Edupunks, Edupreneurs and the Coming Transformation of Higher Education (Chelsea Green)**, from which this essay is adapted [She blogs here](#).*