

# Ikenberry: Savings on horizon

Interim president will continue his cost-cutting work for his successor

By PAUL WOOD  
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URBANA — With only a week left as president of the University of Illinois, Stanley Ikenberry said Wednesday that he'll play a significant role in helping new President Michael J. Hogan cut costs as much as \$60 million in three years.

Ikenberry spoke to The News-Gazette editorial board on the day of the release of the Administrative Review and Restructuring Work Group report he'd commissioned last November.

Ikenberry said the UI will see some of the savings as early as the next fiscal year.

"We hope to accomplish some of these reforms by early fall," he said. "How far and how fast do we go? My feeling is that we ought to push the limit."

Savings will come in job consolidations and cuts, centralized purchasing, information technology simplification, and human resources improvements in dealing with regulations, Ikenberry said.

Also, new monies will be raised, particularly by assuring cooperation between different groups raising money from the UI, from the departmental level to such larger organizations as the Alumni Association and the UI Foundation.

Ikenberry said there was no exact figure on how many administrators will be cut.

But the president said that trimming jobs is not only necessary but desirable.

"Few folks can sometimes work more efficiently than more," he said, adding that a multiplicity of administrators leads to "quasi-free-standing fiefdoms."

"The goal was not to cut costs as much as improve per-



John Dixon/The News-Gazette

Stanley Ikenberry, interim president at the University of Illinois, said Wednesday that he'll still play a big role in helping the UI cut costs when incoming President Michael J. Hogan takes over.

formance," Ikenberry said.

He added that "merging the role of the chancellor and the provost does make a lot of sense," praising interim Chancellor Robert Easter for doing just that.

The merging of the three vice presidential positions into one vice presidency and one executive vice presidency has already been approved by the UI Board of Trustees. Those jobs are universitywide.

Ikenberry said there would also be administrative job reductions at the three campuses. Of the 14 vice chancellors, that number could be cut to 12 — or even 10, Ikenberry said.

"The real challenge is in execution," said Ikenberry, who will soon move back into his 7-foot by 8-foot office in the Education Building. Yet he will continue to work part-time on the mission of trimming costs.

Meanwhile, he said, he'd like to see an increase in faculty hiring, which he said has been flat or declining for 15 years. He said he didn't want the cuts

(cont.)

## UI

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to adversely affect teaching or students.

The outgoing president, who has served the university for 30 years, said the decisions will be difficult but will have to be made as the UI moves to borrow money on a line of credit for the first time in decades, if ever.

"We'll almost certainly" borrow some money using the line of credit, he said.

Because the state has been behind as much as \$500 million in reimbursements, the UI has depleted reserves.

Now, that reimbursement figure is \$330 million. The UI can borrow up to 75 percent of what its owed by the state, with a maximum interest rate of 9 percent, under a new state law, but Ikenberry said the UI hopes to pay some of the money

back soon after it is borrowed, when new state appropriations come in, keeping interest paid to a minimum.

On Monday, Ikenberry met with state budget chief David Vaught, who he said committed the state to paying the amount it owes the UI for the current fiscal year in the next few months.

As for the next fiscal year, Ikenberry said, the state will probably start it even further behind in payments than it was a year ago.

"We probably won't receive a dime of fiscal year 2011 money until after we receive the fiscal year 2010 money," he said.

On purchasing, Ikenberry said the UI will probably both "take a tougher stance in negotiating prices" and "be more disciplined" in how money is spent in coming months.

He acknowledged that one size does not fit all in purchasing supplies, and UI workers

"won't all be using the same laptops."

He suggested that instead of using UI P-cards for individual items, more bulk purchasing could be done through services such as iBuy, the UI's online marketplace for purchasing goods and services.

Ikenberry said human resources is an area where policies have caused inefficiencies, particularly those that deal with regulation. He suggested an outside consultant might be useful in finding ways to cut down on paperwork.

Ikenberry said he was proud of the way the UI has weathered both budgetary problems and a crisis of confidence in the wake of the Category I scandal.

He was effusive in praise of Hogan, his successor, saying that Hogan's "high-energy" approach will be needed in the next few years.

"I think Mike's going to be great," he said.

## Almost \$60 million in cuts suggested at U of Ill.

By DAVID MERCER

CHAMPAIGN, ILL.

A University of Illinois group looking for ways to save money in the school's administration is proposing a series of changes it says could save close to \$60 million over the next two to three years.

The group says the changes represent more than just accounting, but parts of a fundamental shift the university needs to make to become less dependent on the state's financially troubled government.

The administrative group, which was set up late last year, said Wednesday that the university should do a better job of using its buying power to save money on purchases, predicting up to \$22 million in savings. The group's report also said the school could save about \$18 million in information technology functions, and that the U of I could save another \$3 million by combining some higher-level administrative jobs. Other job cuts are likely, though the report doesn't lay out specifics.

The report said the university is at a "watershed moment" in its history, in large part because of the state's troubled finances and the dwindling state support for higher education.

"We've lost about \$130 million the last few years from state government," said Craig Bizzani, the group's co-chairman and a senior adviser at the university's fundraising arm, the University of Illinois Foundation.

The university now gets about 16 percent of its \$4.7 billion budget from the state, but this year the school hasn't been able to count on even that.

The state government is wrestling with a \$13 billion budget deficit and says it can't afford to provide money appropriated for universities and other institutions. The University of Illinois is waiting on \$332 million in state appropriations for the fiscal year that ends this month -- money that could be held up for months or more.

"We don't see a light in the end of the tunnel," Bizzani said. "We have to be engaged in self-help at some significant level."

Interim university President Stanley Ikenberry set up the group of deans, provosts and other university officials last November, along with several other committees separately reviewing the finances of the university's three campuses.

After incoming President Michael Hogan starts work next month, Ikenberry will be in charge of implementing the recommendations. Most are expected to be put into practice, and a few already have been, though the system isn't required to act on all 43 recommendations, university spokesman Tom Hardy said. Some would require approval of the university's governing board of trustees; others would not.

The report says the biggest chunk of savings, \$22 million, should come from maximizing the university's purchasing power.

Only about 20 percent of the more than \$300 million the university spends each year on supplies and services is through what Bizzani called well-negotiated deals.

The university, the reports adds, should also review all of its vice president, vice chancellor and assistant vice chancellor positions, to find areas to combine jobs and save money.

The report makes clear that some jobs will be lost, though it doesn't advocate widespread layoffs or across-the-board cuts. Just how many will be lost is unclear, Bizzani said, but one recommendation he noted would centralize the ongoing purchase of computer work stations and streamline their maintenance -- the university has about 45,000 of them -- and in the process cut up to 50 technical staff members, saving more than \$3 million.

The American Federation of State, County and Municipal Employees union, which represents about 2,000 university employees, said it was still going over the report but complained that the ideas were the product of a group that didn't include the majority of people likely to be affected.

"It's regrettable that university administrators who produced this report sought no input from students or from university employees and their unions," union spokesman Anders Lindall said. "Savings it suggests must not come at the cost of further cuts to university classes or programs, or again dumping the burden of the state's broken budget onto Illinois students, their families and university employees."

The report also urges the university to ask the state to ease its regulation of, among other things, purchases in areas where only one supplier is available.

The state requires public agencies to make a presentation before an ethics board for each of its 1,200 annual purchases that come from single-source suppliers, he said.

"We don't bid for cadavers; there's only one source," he said, citing an example from the university's medical school. "And for the state to put us through weeks of paperwork and to go to Springfield to do a single-source bid, those are the kinds of things that take money."

The report's recommendations could all be enacted in two or three years, Bizzani said.

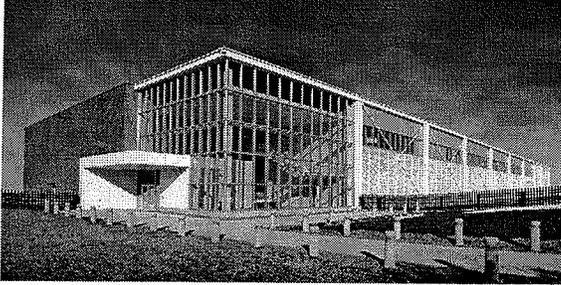
Ikenberry said in a statement that he hopes to work quickly on the recommendations.

"Good ideas and recommendations are useless sitting on the shelf," he said. "Change will not occur overnight, but it must occur promptly."

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## • Blue Waters: Awesome Power, Awesome Efficiency

June 24th, 2010 : John Rath



An exterior view of the National Petascale Computing Facility where the Blue Waters Supercomputer is housed.

Described as an “unrivaled national asset” the **Blue Waters Supercomputer** was unveiled Wednesday on the campus of the **University of Illinois**. The National Center for Supercomputing Applications (NCSA) hosted *Building the Data Center of the Future 2nd Biennial Workshop: HPC Data Centers*. Blue Waters is the petascale supercomputer project in which some awesome power is matched with awesome efficiency.

### The HPC Frontier

Set to go online some time in 2011 Blue Waters will literally set the mark for a new level of performance with an expected peak performance of 10 petaflops. Being no stranger to the frontier of computing firsts the NCSA teamed up with IBM and the Great Lakes Consortium for Petascale Computation to not only raise the HPC (High Performance Computing) bar a notch, but take data center technologies along with it.

### Blue Waters

With a \$208 million award from the National Science Foundation (NSF) the Blue Waters team went to work with an early, unique collaboration bringing the NCSA, IBM and data center teams together to make sure the supercomputer was a unique tool for open scientific research, and that it would reside in a data center that matched that blend of power and efficiency. With 114 compute racks in the 88,000 square foot National Petascale Computing Facility (NPCF), each rack is packed with an impressive array of technology.

### Awesome Power

Blue Waters contains over 300,000 cores, over a petabyte of memory, more than 10 petabytes of storage, half an exabyte of archive storage and is expected to sustain more than one petaflop on scientific applications. To support the supercomputer, the data center receives a 24 megawatt power feed from University of Illinois Abbott power plant, 5,400 tons of chilled water from the chiller plant and has a six-foot raised floor to house over 81 miles of cabling. Blue Waters is expected to consume approximately 15 megawatts of power.

### IBM Power 7

The Blue Waters supercomputer contains a lot of ..... water. IBM’s Michael J. Ellsworth explained the return to water-cooled chips for IBM and the reasons it achieves such great efficiency with the extreme density of the Power7 architecture. The performance and efficiency gains from water cooling feature an order of magnitude lower unit thermal resistance, 3500X heat carrying capacity, having total control of flow, and lower temperature.

Set to debut in the 2011 launch of Blue Waters, the IBM Power platform has evolved dramatically since the P6 in 2008, where 12 racks over 1,000 square feet of space would draw 864 kW. The P7 platform with a single rack will draw 175 kW and be 100 percent water cooled.

Michael explained that with proper hookups, the P7 node could reside in the conference room where he was speaking and operate as designed.

Blue Waters will take advantage of the most advanced technologies under development at IBM, including an advanced processor and memory subsystem, a new interconnect, parallel file system, operating system, programming environment, and system administration tools. These technologies are embodied in the PERCS system design (Productive, Easy-to-use, Reliable Computing System). The complete details of the Blue Waters computing system can be found on a POWER7 architecture presentation [here](#).

### No Generators or UPS

When the NPCF (National Petascale Computing Facility) was being planned, a partnership with the University of Illinois netted a collaboration with the University chiller plant and Abbott power plant. A hard look at the historical performance and uptime of Abbot resulted in a decision to forgo UPS and generators at NPCF.

Around 70 percent of the year, the three on-site cooling towers provide water chilled by Mother Nature. The University chiller plant upgrades included a thermal storage tank, which has already delivered a significant cost savings. See [this Data Center Knowledge](#) article about other data centers utilizing this technology.

The in-cabinet Water Conditioning Units take 100 percent of the heat to water and eliminate the need for a Computer Room Air Handler (CRAH). A few facility CRAH units were installed for other supercomputers in the NPCF, and for instances where maintenance was being done on Blue Waters nodes with the back door open.

### LEED Gold

The University of Illinois recently pledged to take steps toward carbon neutrality, reduced energy use and overall improved sustainability in the future. This was in reaction to the May 15<sup>th</sup> release of the Office of Sustainability Illinois Climate Action Plan (iCAP).

The 15Megawatts of power for Blue Waters is delivered over four individual 480 Volt AC feeds directly into every compute node. A PUE below 1.2 and LEED Gold certification are expected once the system comes online in 2011. A separate operations grant from the NSF will go towards regular utility bills for Blue Waters.

The foresight, collaboration and cooperation, and passion for the Blue Waters project are clearly evident in all aspects of the supercomputer, NPCF, University of Illinois and NCSA staff. The scientific and research communities will benefit from this national asset for many years to come.

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## **UNH looking to boost revenue streams, president says**

*By MICHAEL BRINDLEY Staff Writer*

HUDSON – With state aid continuing to dwindle, University of New Hampshire needs to focus more on bringing in new revenue streams to help offset costs to students and families, says university President Mark Huddleston.

One of the ways to do that is to commercialize and generate revenue from research being conducted at the university, he said.

"We really haven't done a good job there," Huddleston said at a meeting Tuesday with members of The Telegraph's editorial board.

As Huddleston explained, state aid has declined to only 13.9 percent of UNH's total operating budget.

That number is not expected to increase. State funding budgeted for the 2008-09 academic year was cut by \$7 million, from \$100 million to \$93 million.

Meanwhile, the cost of attending the university continues to rise. For the 2006-07 school year, it cost \$17,985 for in-state UNH students for room and board. For the 2009-10 year, it was \$21,617.

That's a 20 percent increase in three years.

"If we continue to go in that direction, we're going to price ourselves out of the middle class," Huddleston said.

Huddleston, hired as president in 2007, has been making the rounds across New Hampshire, talking about his strategic plan for the school over the next 10 years. The plan, titled "UNH in 2020," is available on the school's website, [www.unh.edu](http://www.unh.edu).

Huddleston's primary concern is affordability and access, and much of the plan seeks to resolve what he calls a "broken paradigm," which is the cost of higher education rising to a point where families can no longer afford it.

"That is a key element of the strategic plan," Huddleston said.

The average debt load among UNH graduates in 2008 was \$27,516, according to the Project on Student Debt.

New Hampshire college and universities as a whole rank fifth in the nation for highest average student debt load.

Huddleston said that starting in five years, he wants to keep tuition increases to no more than the rate of inflation. He also wants to change the way education is delivered. He sees the role of the professor in the next 10 years evolving from a purveyor of information to more of a guide and mentor.

"It's a waste of time and talent to have them just stand up there and talk at students," Huddleston said.

With regard to making cuts in the operating budget, Huddleston said there are few areas for savings. The university has fewer administrators and auxiliary staff than similarly sized schools, he said.

"Our belts are already very tight," Huddleston said.

Part of UNH's strategic plan is also to enhance the school brand beyond the region. Admissions officers are considering going out to test markets in other parts of the country to promote UNH to prospective students, he said.

"We have to think more nationally than we have been," Huddleston said.

But there is also a limit to that, he cautioned. While out-of-state students would bring in more revenue, Huddleston said it's important to maintain the focus on New Hampshire students. Enrollment is now about 55 percent in-state students, he said.

While UNH doesn't need more lecture halls, it could use a new performing arts center. The football stadium could also use a facelift, he said.

The university must do more to connect with alumni with regard to giving back, he said. Currently, approximately 10 percent of UNH graduates donate money to the school. At Ohio Wesleyan University, where Huddleston worked before coming to UNH, roughly a third of students give back.

Huddleston said the school hasn't done enough to connect with the Nashua area and hopes to cultivate more relationships with organizations and businesses. One such business would be BAE, which could partner with the university on a number of initiatives, he said.

More than 43 percent of UNH alums reside in New Hampshire, 51,000, and more than 10,000 live in Hillsborough County. This past academic year there were about 2,900 students from Hillsborough County at UNH.

Huddleston has also had his eye on changes in higher education in Nashua, specifically the decision at Daniel Webster College to phase out its flight operations program. As a pilot, Huddleston said he is saddened to see that program go.

He was said he was surprised by the college's rationale, that the program was not offering students enough return on investment as professional pilots. Huddleston said that mentality doesn't apply to UNH, or else the school would have to close majors like philosophy.

"We let students make those judgments themselves," he said.

Earlier this year, UNH merged with Franklin Pierce Law Center, which Huddleston said adds another dimension to the school's offerings.

Huddleston said the university is becoming more selective and is no longer considered a "safety school" among high school students and families. Over the past several years, UNH has averaged around a 70 percent acceptance rate among applicants.

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## CU president fears loss of money under state's restructuring plan

By Tom McGhee  
*The Denver Post*

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A draft plan to restructure the way the state funds higher education raised red flags Wednesday for University of Colorado president Bruce Benson, who fears it would strip needed money from the state's flagship institution to help less- well-heeled schools.

The state could consider the amount of revenue funneled to each school based in part on how capable the institution is of raising money from private donors, said Meg Porfido, who leads a subcommittee of a panel that is studying the issue.

"There are market forces that allow different institutions to raise different amounts of money," Porfido told members of the governor's

Higher Education Strategic Planning Steering Committee. "Flagships can market themselves in ways other schools can't."

Benson said the idea could damage CU, the most successful institution when it comes to fundraising.

CU has increased the amount of financial aid it provides to students to \$105 million from \$38 million over the past eight years.

If other schools would devote more effort to seeking private funds, they could increase the money they have to provide aid, Benson said.

"I would suggest that other people don't try very hard," he said.

Contacted after the meeting, Metropolitan State College of Denver president Stephen M. Jordan said the school's board of trustees is considering more ambitious fundraising goals. Metro, which educates more low-income students than any other college in the state, raises about \$2.5 million a year.

However, he said, the committee is charged with taking a close look at Colorado's population and determining how to educate lower-income residents at a time when there is little state money available.

During a break in the four-hour meeting, Benson said he remains concerned that the committee's proposals are skewed toward providing more for

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community colleges at CU's expense.

Benson found an earlier version of the proposal threatening because it said "revenue generated by market-rate tuition and fees at those institutions at the top of the pyramid should be shifted to students in other tiers to fund 'supportive services' to help them stay on track and complete their education."

That language was a "drafting error" and has been removed, said D. Rico Munn, executive director of the Colorado Department of Higher Education.

No one has ever discussed shifting tuition dollars paid to CU to other schools, Munn said. The steering committee has to look at tuition, state funding, financial aid and a variety of other issues to assure that public colleges can fulfill their individual missions, Munn said.

"You have got to look at everything," he said.

The committee, created by Gov. Bill Ritter last year, will make a report to the governor and legislature by the end of the year.



## News

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### 'Financing Higher Education Worldwide'

June 24, 2010

Who pays for higher education? Whether talking about the government role or the student responsibility, the question is controversial all over the world, and many policies are in flux. *Financing Higher Education Worldwide*, a new book from the Johns Hopkins University Press, surveys the globe for the trends and their implications. The authors are D. Bruce Johnstone, SUNY Distinguished Service Professor of Higher and Comparative Education Emeritus at the State University of New York at Buffalo, and Pamela N. Marcucci, project manager of Buffalo's International Comparative Higher Education Finance and Accessibility Project. They responded via e-mail to questions about their book.

**Q: Historically, how has financing higher education differed outside the United States from the American model?**

**A:** The key financing differences (with very many variations and nuances that are impossible to cover in a fast answer) are the following:

- The United States has a large tuition- and philanthropy-dependent private nonprofit sector, which contains both the most and the least prestigious and selective institutions and which provides two very substantial non-tax-based revenue streams -- tuition and philanthropy -- that are unmatched in any other country. (Europe has virtually no significant private colleges or universities. Japan, Korea, the Philippines, and several other Asian nations, as well as most of the South American countries have fairly robust private sectors, although most are significantly less prestigious than their public sector counterparts. Private sectors are also flourishing in most of the *transitional* / post-Communist world as well as in Africa, but these institutions tend to be low-cost -- that is, *not* featuring science or engineering or other high-cost esoteric disciplines -- and are generally financially fragile as well as much less clearly not-for-profit.)
- The U.S. features a significant reliance on tuition fees as well as more nearly *break-even* fees for food and lodging in the public as well as the private sectors, with tuition fees ranging at undergraduate levels in neighborhood of 20 to 40 percent of instructional costs. Japan, China, and Canada also feature significant public sector tuitions. European countries feature low, only nominal, or even no tuition fees. Most of the formerly communist world as well as many countries in Africa feature no or only nominal tuition fees for a limited number of the most academically well prepared students, but allow other students, who are deemed to be admissible but who have scored below the cut-off on the university entrance exam (set to yield only the number that the government is prepared to fund) to be admitted, but only at very high (essentially full-cost) tuition fees. At the same time, tuition fees are now appearing in some guise -- albeit very politically contested -- in almost all countries with the exception of the Nordic countries and a few other countries in Europe.
- Tuition fees in the United States (as well as in Canada, China, and Japan and many other countries, but explicitly not in England, Australia, or the other constituent countries of the United Kingdom) are assumed to be paid up-front by parents to the extent that the family is deemed to be financially able to contribute. In the Nordic countries that have no tuition fees, as well as Australia, England and the other constituent countries of the United Kingdom, all of which have tuition fees but defer them as loans for all students, the student is considered to be financially independent of his or her parents and thus responsible for any tuition fees in the form of additional loans.
- Colleges and universities in the United States -- public as well as private -- obtain significant revenue from philanthropy (both past philanthropy in the form of returns on endowment, as well as current philanthropy in the form of annual donations). Other countries are attempting to emulate the US, but few are able to do so (for a variety of financial, governmental, and cultural reasons).

- From the very extensive other-than-tax revenue to U.S. colleges and universities, public and private, the United States gets more higher education for the tax dollar spent than any other country.
- Because of (i) our very accessible admission policies (that is, students being able to access colleges and universities who would be deemed academically unprepared in any other country), (ii) the ability of students to move from essentially open admission, "short-cycle," community colleges into bachelor degree colleges and universities, and (iii) the very extensive volume of (mainly) need-based financial assistance, the United States has a measure of accessibility unmatched by any other country. (This in spite of our high tuition fees in both the public and private sectors.)

**Q: The use of tuition (or the growth of tuition) is generally proposed as a means for assuring quality -- does the increasingly reliance on tuition worldwide make sense?**

**A:** Absolutely. The entire world is facing what we call in our book the *seriously diverging trajectories* of soaring higher education costs and revenue needs and the flat (at best) revenues available from governments and taxpayers. The very rapidly increasing costs / revenue needs are greatest in most of the developing world, which see a rapid increase in per-student costs for the same reasons as in the US, but that are also experiencing a serious multiplier of these revenue needs in the form of surging enrollments -- which in turn are due to (a) demographics, with very rapidly increasing college-age populations, further accelerated by (b) an equally rapid increase in the proportion of these (already increasing) cohorts completing high school and wanting to go on to some form of higher education. In the meantime, most governments are far closer to a true effective limit on taxes than is the United States, and the low- and middle-income countries additionally face a very large, and both socially and politically compelling, queue of public needs that are competing with higher education for any possible additional tax dollars (such as elementary and secondary education, public health, and a long list of desperately needed investments in public infrastructure). In short, higher education throughout the world must have increasing amounts of nongovernmental revenue -- and tuition fees are the easiest, most equitable, and least educationally disruptive source.

**Q: Loan systems almost always follow tuition. What are the major trends in student loans internationally?**

**A:** There are estimated to be nearly 100 loan plans throughout the world (although the number is difficult to specify, as some are very small and restricted). So the major trend is simply more countries turning to student loans to enable students to invest in their own higher education. At the same time, most of these loans do not yet provide truly supplemental revenue, as they tend to contain too many subsidies and oftentimes excessive defaults. (Student loans in the United States, contrary to common misconception, have comparatively minimal subsidies, and most loans feature remarkably low rates of default.)

Within the many forms of student loans, the form that seems to be the most popular -- although it is not always the most financially feasible or the form that can provide a sufficient number and volume of lending -- is the so-called *income contingent* loan, where the repayments are based on the student's current income rather than being based on a fixed schedule of payments as in conventional loans. (It is important to note, however, that our own fixed schedule / loans now become effectively income contingent during periods of unemployment or at low levels of earnings. Also, most students will still repay the same effective amount as on a fixed schedule loan.)

**Q: Are there countries that you think are particularly ambitious in the government role in promoting high quality higher education, with access?**

**A:** I suppose that the Nordic countries (Norway, Sweden, Finland, Denmark, and Iceland) might be cited, although all but Norway, with its North Sea oil, are experiencing financial austerity at this time. But *accessibility* in such countries is also a far simpler challenge, without the extent of deep poverty and virtual family disintegration found in the United States. Otherwise, I would have to mention Japan, Korea, and China -- albeit with considerable differences -- as certainly ambitious and increasingly successful.

**Q: What impact will the Bologna Process have on trends in financing higher education?**

**A:** The Bologna Process features a European-wide transition from the so-called *long*, and mainly examination-based, first degree that was essentially equivalent to an American master's degree, to a much shorter, three or four-year bachelor's degree that is based, as in the U.S., on a combination of potentially transferable courses and credits and that allows much more mobility between institutions. The important ramifications to institutional finance and to the elements of cost-sharing, such as tuition fees and student financial assistance, are two. First, European countries are prohibited from charging differential fees to students from other European countries (that is, no out-of-state tuition fees). Second, financial assistance, and particularly student loans, are much more complex in a European-wide context, where, for example, declarations of bankruptcy and the attachment of wages are more complicated across national borders. Also, the increased mobility of both students and scholars and the supposed increase in institutional competition that is at the heart of the Bologna process will undoubtedly privilege some institutions and disadvantage others, and the privileged

institutions will be mainly the classical European universities in the more affluent European countries, and especially the English-speaking ones.

**Q: As you look at worldwide trends on financing higher education, do they create opportunities for the U.S. or for American colleges?**

**A:** U.S. higher education will continue for many years to be at the *academic top* for our academic scholarship and research. We will also continue to benefit from the worldwide thirst for English-language degrees, and from the increasing numbers of middle- and upper middle-income families in China, India, Brazil and other high economic growth countries that will be able (albeit with some difficulties, which we will have to address) to afford the very high costs of a U.S. college degree for their children. At the same time, these countries, also are improving their own institutions of higher education, and the U.S. will also continue to experience intense competition from the other English-speaking exporters of higher education like Australia, Canada, New Zealand, the United Kingdom, and Ireland.

— Scott Jaschik

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## News

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### Standardization and Savings

June 24, 2010

Most conversations about dramatically reducing the amount colleges and students spend on textbooks center on e-books as cheaper, nimbler, and more era-appropriate alternatives to the dead-tree doorstops that students have been hauling around campuses since time immemorial.

But Rio Salado College, a mostly online community college in Arizona, has taken a different tack: using the same printed textbooks in all sections of each course. And so far, it reports substantial savings for students and few complaints from faculty.

In January 2008, Rio Salado cut a deal with the publishing giant Pearson to be its sole supplier of textbooks to the community college's roughly 60,000 students. The textbooks would be customized according to the specifications of the college — which, it says, sometimes included snippets from other publishers to supplement Pearson's foundational content. At the time, the arrangement was heralded as an attempt to dramatically cut textbook costs without necessitating a switch to e-books or rented textbooks.

By only ordering one book per course, rather than allowing each professor to choose the book for her section, Rio Salado would be able to purchase volumes in bulk while saving Pearson the trouble of selling every professor on its product. The result? Publisher discounts that let the college retail the books to students for about 50 percent of what they used to have to charge in order to break even, according to officials.

Rio Salado standardizes course texts thusly in about 90 percent of courses (with the exception of some health care courses for which Pearson does not offer an authoritative text). Todd Simmons, vice president of administrative services at Rio Salado, estimates that in the two and a half years the college has used standardized custom textbooks, it has saved its students at least \$6 million.

This without mandating a broad adoption of e-books, which have yet to catch on in most of higher education. Rio Salado officials say they are currently working on the similar application of custom e-books, which could increase savings.

One of the key elements of the success of Rio Salado's textbook program has been the lack of pushback from its professors. "We had to have the buy-in of our faculty," says Simmons. "We wouldn't have been able to do it without them." Patricia Case, chair of humanities and a former head of the faculty senate, said support for the program from full-time faculty was "unanimous."

At first blush, this might seem surprising. Rio Salado's faculty number over a thousand, and college professors in general have a reputation for being territorial about their courses. "At a regular university, you might have 10 sections of English 101, with 10 different professors teaching from 10 different texts," says Simmons. In such environments, administrators who attempt to dictate what course materials instructors are to use might have a lot of angry academics on their hands.

What allowed Rio Salado to secure the necessary support was the fact that nearly all the college's faculty members are adjuncts who have significantly less power than Rio Salado's core of 26 full-time faculty members, and are in many cases not based on campus. The full-time faculty already design courses and dictate other aspects of their delivery to the adjuncts, says Case. The adjuncts can recommend additions to their courses' textbooks, but the decisions are made by the full-timers.

The fact that Rio Salado enrolls so many students while entitling so few faculty members to dictate course content appears to be a key reason why it is able to buy enough textbooks to get big discounts while avoiding the need to satisfy hundreds of professors. The

advantage is much like how for-profit online institutions are able to save on textbooks by telling their largely adjunct (and relatively powerless) instructors to assign e-books — and thus enjoy publisher discounts for buying bulk. In fact, Pearson has similar deals with for-profits such as Strayer University, DeVry University, and Bridgepoint Education.

The Rio Salado adjuncts are given the opportunity to put their personal imprint on each course by means other than textbook autonomy, says faculty senate president John Jensen; for example, posting announcements, notes, and even supplementary content such as video on the course's learning-management page. Still, "Faculty who insist on being able to manipulate content, insert or remove content, or otherwise reshape their courses would probably not be comfortable with a distance learning setting with custom texts," says Jensen. "...Mostly, our process is a function of how we are built."

Don Kilburn, CEO of Pearson Learning Solutions, agrees that textbook standardization is not for every institution. Most institutions buy custom textbooks at the behest of individual professors who have chosen to take their power to choose even further by cobbling together a custom textbook for their classrooms only, he says.

However, Kilburn says he believes the popularity of large-scale online education programs that employ primarily adjuncts might prompt more institutions to go the same route as Rio Salado and others. Online programs — the fastest-growing sector of higher education — tend to be large and distributed; without some degree of centralization of academic leadership and standardization of course content, he says, the model becomes unwieldy.

— Steve Kolowich

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