

THE CORNERSTONES REPORT



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Preface: Cornerstones: A Commitment to the Future

We began the Cornerstones project with a sense of urgency, and with a commitment to honor our best traditions of imagination and creativity in determining our future. The urgency is rooted in two challenges to all of higher education. First, we face a crisis of funding and resources, especially in light of the projected demand for university education in California. This crisis may be masked because it is developing slowly. Both university and state leaders may imagine ways of “managing” it without changing much. We believe this view is wrong. The sheer magnitude of the gap between likely resources and projected need is cause for alarm.

Second, we are called to examine our ways of providing education in light of California’s continuing social, demographic, and economic transformation. A new economy is emerging out of California’s recovery from recession, and a new social order is crafted by the diverse communities of our people. This is a remarkable opportunity for a healthy and energetic university to ask: How best do we educate our students for this new world?

To meet these challenges, we are committed to continuous improvement. The California State University is a remarkable institution, with a proud tradition of meeting the dynamic and always-changing needs of the people of California. Many of the innovations required in the university are already in place at one or more of the campuses, and we can learn much about how to grapple with the problems of the future simply by looking to ourselves for answers. We can meet our goal of continuous improvement, through a process of on going debate and affirmation of purposes, self-renewal and reflection.

Cornerstones began with four fundamental commitments:

1. We must continue to provide educational excellence in a teaching-centered, collegiate institution.
2. We must provide access for the growing and ever more diverse population of Californians seeking higher education, in the face of limited public resources.
3. We must demonstrate our effectiveness to the people of California and to their elected leadership, in crafting a new compact with the public we serve.
4. We must design a more responsive postbaccaluate system to meet the demand in California for liberally educated professionals.

In light of these commitments, the Cornerstones discussion--involving our campuses as well as the broad-based Cornerstones' Task Forces--identified four policy goals for the California State University. In support of these goals we identified ten guiding principles and a variety of specific recommendations which we believe should shape the policies of the university and the programs and strategies of our campuses.

Cornerstones has not been a comprehensive institutional planning process, and was not designed to be one. The essential goals, mission, and policies that frame the university have been established by the California State Master Plan for Higher Education. The Master Plan remains a sound blueprint for the university and for the state. The issue is how best to reach our goals. In addition, Cornerstones has not attempted to integrate within its work all policy or program initiatives that are university priorities. As examples, the systemwide and campus K-12 and teacher education reform initiatives were well underway before the Cornerstones initiative began. Similarly, technology had not been a focus of Cornerstones because other initiatives in that arena are underway.

Finally, Cornerstones has been designed to complement and support campus strategic planning initiatives that are ongoing on the CSU campuses. It is an umbrella effort, that has been informed by and in many cases has grown out of campus-level initiatives that are already in place. But what has been missing, and what Cornerstones seeks to supply, is an overarching set of statewide goals and plans that will be a framework for both articulating the needs and accounting for the contributions of the university to a larger statewide public and policy audience.

This report moves immediately to elaborate the four policy goals, the ten guiding principles, and the derivative recommendations. The body of the report is then followed by an Appendix which spells out in some detail the challenges we face as a university.

I. The Cornerstones Framework: Policy Goals

The California State University seeks to ensure:

- A. Educational Results**
- B. Access to Higher Education**
- C. Financial Stability**
- D. University Accountability**

A. Ensuring Educational Results

The California State University has a rich and secure tradition of providing educational programs of great depth and value, and of regularly assessing and assuring the quality of those programs. There is a great diversity among our campuses, and a deep respect for the judgments of campus faculty empowered to define curricula in response to local purposes as well as national and international standards. Students demonstrate their learning in the CSU in a variety of ways, and many faculty are involved in exploring both new methods of classroom work and a wide variety of alternatives. Cornerstones affirms the faculty's role in determining what is awarded credit for a CSU degree.

Much of our intellectual strength in undergraduate education comes from a balance between the specific identities of individual programs and the broader goals of providing a comprehensive general education to undergraduates. In recognition of this balance, the CSU system Academic Senate, representing the community of campuses which defines the system, has undertaken a thorough review of the broad purposes and specific intellectual elements of the baccalaureate degree. At the same time, Cornerstones sought to clarify those educational results to which the community of campuses might commit itself for all CSU graduates.

The California State University seeks to ensure that each graduate of the university meets high expectations regarding what graduates should know and do. We should be held accountable to achieve these expectations. At the same time we commit ourselves to those things most difficult to assess: the search for reasoned judgment, rich imagination, personal integrity, and civic engagement.

Providing educational excellence, the California State University will respond to the needs of Californians, including both the young and the wide range of older and working adults returning to school. Higher education is an intellectual experience preparing the whole person, not merely for the labor market, but also for a fulfilled life. Through teaching, research, scholarly activities, and service, the university is a powerful force for individual development and the improvement of a democratic society. CSU is committed to innovation in the use of its facilities, the methods of teaching and learning, the development of flexible academic schedules, the nature and duration of programs, the locations where education takes place, and the ease with which students get services.

Some of the changes proposed by Cornerstones are operational: consolidated, accessible student services, including admissions, records review, and financial aid, for both state-supported and fee-supported programs.

Some of the changes are organizational: the expanded use of our campuses throughout the calendar year, more flexible course schedules, course meeting times, enhanced community college--CSU transfer programs, and better integration of continuing and extended learning programs into the programmatic planning of our campuses.

Some of the changes are programmatic: developing more programs in areas of special relevance for California's economic and social future--including both traditional fields like nursing and teaching, and new areas like multimedia and biotechnology.

All of the proposals are grounded in the recognition that the primary purpose of the university is to serve students. The CSU declares that determining students' educational needs, meeting them, and advancing student learning is its paramount purpose. Regularly assessing student educational needs and aspirations, and systematically measuring the extent to which we are meeting them are central to the CSU academic process. This vision depends on the commitment and intelligence of the university's central asset: its faculty. To continue the California State University's powerful faculty record of teaching, scholarship, public service, and creative activity will require nurturing and support.

Principle 1: The California State University will award the baccalaureate on the basis of demonstrated learning as determined by our faculty. The CSU will state explicitly what a graduate of the California State University is expected to know, and will assure that our graduates possess a certain breadth and depth of knowledge together with a certain level of skills, and are exposed to experiences that encourage the development of sound personal values.

The specific recommendations supporting this principle are:

- 1a. The commitment to require a faculty-determined, comprehensive set of general educational "outcomes" that is sufficiently specific to support a public declaration of educational results, and sufficiently general to allow each campus to develop its own mission and each college and department to develop its own educational outcomes.
- 1b. The commitment to develop--on each campus--systems of learning assessment that enable students to demonstrate learning in both courses and programs. These assessment tools need to be developed with a broad consensus as to their proper use, and will vary substantially among the disciplines.
- 1c. The commitment to devote sufficient resources to faculty development and the resources and time required to develop appropriate assessment techniques, redesign programs, and to shape definitions of credit.

- 1d. The commitment to develop indicators of institutional accountability that demonstrate the university's achievement of the outcomes to which it is publicly committed.

The specific expectations of the undergraduate curriculum are elaborated in a major report of the Academic Senate of the CSU, (Baccalaureate Education in the CSU), the following provide an outline of those forms of knowledge and ability expected from any graduate:

- substantive in-depth command over one or more fields of study
- the ability to integrate knowledge across discipline boundaries
- the ability to communicate well through a variety of means
- the ability to read analytically and think critically at a high level
- the ability to write clearly
- the ability to locate, analyze, evaluate, and synthesize information
- the ability to make both qualitative and quantitative assessments
- the ability to participate effectively in a democratic society
- the ability to work effectively in group settings with people different from oneself
- the ability to communicate in a language other than English
- the ability to appreciate and value cultures other than one's own
- the ability to participate effectively in a technological and global environment.
- the ability to value one's own self and the communities of which one is a part, to make moral and ethical decisions, and to act in a socially responsible manner.

Principle 2: Students are the focus of the academic enterprise. Each campus will shape the provision of its academic programs and support services to meet better the diverse needs of its students and society.

The specific recommendations supporting this principle are:

- 2a. The regular surveying of student educational needs, aspirations, and priorities, and the assessment of the extent to which we are meeting them.
- 2b. The redesign of academic calendars to maximize the availability of courses in a significantly wider range of times and modes, both with regard to the weekly schedule of courses and the very concept of the academic year.
- 2c. The redesign of current standards and processes of facilities utilization, so that the campuses can offer courses when appropriate throughout the year and throughout the hours of every day of every week, to enhance student-faculty contact, advising, and instruction. This, in turn, will require developing support for plant operations beyond the current schedules.

- 2d. The development of a technological infrastructure to support faculty offering instruction to students at a wide range of sites--homes, community and business locations--and with attention to the challenge of maintaining a collegiate experience.
- 2e. The development of adequate student services--and all other elements of the academic infrastructure, including increased staffing--to support students with non-traditional schedules, giving particular attention to the needs of older and working adults.

Principle 3: Students will be expected to be active partners with faculty in the learning process, and the university will provide opportunities for active learning throughout the curriculum.

The recommendations in support of this principle are:

- 3a. The requirement that each student work with faculty and staff in planning their academic careers to include taking a more active role in their own learning, including self-paced and self-directed study.
- 3b. The commitment to facilitate practices of active learning (such as collaborative learning, problem solving, and the use of interactive technology), and to develop systemwide and campus arrangements needed for students to engage in a community service-learning experience before graduation.
- 3c. A commitment to encourage student involvement in scholarship, research and creative activity under faculty guidance, because these activities are central to the teaching mission of a comprehensive university.
- 3d. A commitment to facilitate greater student involvement in academic program development and assessment.

Principle 4: The California State University will reinvest in its faculty to maintain its primary mission as a teaching-centered comprehensive university. Faculty scholarship, research and creative activity are essential components of that mission.

The recommendations in support of this principle direct the university to the following:

- 4a. A commitment to a systemwide faculty development and reinvestment plan, including steps to define and address the faculty salary gap, investment in faculty reinvestment and development, improvement of the faculty role in shared governance, strengthening

the diversity of the faculty, and strengthening the system of peer review for faculty, including faculty determination of improved measures for recognizing a wider range of engaged scholarship in addition to teaching, research, and creative activity. The Academic Senate, the faculty union, and CSU administration must be appropriately involved in developing this plan.

- 4b. A commitment to develop system and campus policies guiding decisions on the replacement of retiring faculty.
- 4c. A commitment to support research, scholarly and creative activities for the faculty as a central element of a rich learning environment for our students.
- 4d. A commitment to work with graduate schools (especially in California) to develop criteria that ensure prospective CSU faculty have sound training in teaching and learning, particularly in modes of active learning.

B. Ensuring Access to Higher Education

“Access” has long been a fundamental principle of California’s Master Plan for Higher Education. The very structure of public higher education is predicated on the idea that every resident competent to benefit from instruction has some place to learn. Cornerstones reaffirms in the strongest possible terms the CSU role in meeting California’s commitment to its students.

The CSU role has multiple dimensions, however, and Cornerstones seeks to affirm more than passive “availability” of a place for those eligible applicants who reach our campuses. First, Cornerstones proposes strong outreach programs and retention efforts. Second, Cornerstones proposes a continuation of the current Trustee policy in support of K-12 efforts to better prepare more K-12 students for college, and reaffirms CSU efforts to reach currently underserved communities. Third, Cornerstones seeks to strengthen the CSU relationship with the California Community Colleges, which provide the majority of our students through transfer programs.

Fourth, Cornerstones, reaffirms the commitment of the CSU to provide education beyond the baccalaureate, long a central element of our mission. This role has grown in importance, especially in light of the dramatic transformation of the California and global economy in which our graduates will work. Older industrial structures, modes of production, and long-established work relationships are rapidly eroding. Even during the current recovery the uncertainty of working Californians regarding their future is rooted in a correct perception that work security will depend less on seniority than on adaptability, and adaptability will depend on the ability to learn new skills rapidly.

At the same time the need for highly skilled Californians has never been greater. In the fastest growing sectors of the economy there are local labor shortages, with many high-growth firms forced to recruit out of state. The California State University is uniquely able to meet the needs of Californians for the applied and professional skills most in demand, and thus meet the needs of an expanding economy for talented employees. Many of the growth areas are in those fields long understood to be our special responsibility. To the degree Californians can fill the emerging jobs of a new economy, we serve the long-range health of our communities and state.

The commitment to serve the State’s growing need for career transition education and lifelong learning defines a central element of the CSU Mission. We propose a significant expansion of our continuing and extended learning programs, better integration of these programs into the overall academic planning of our campuses, and the provision of enhanced financial aid and support services to meet the needs of lifelong learners.

Finally, Cornerstones affirms our faculty’s commitment to link the formality of access to the substantive success of students. This success is not measured in time-to-degree alone, or in the skills and competencies we can formally assess. It is most substantively found in the habits of mind and spirit which sustain a desire for life-long learning among our graduates. With all our

appropriate concern for the economic value of a collegiate education, we reaffirm the older values of a liberal education: civility, reasoned judgment, sound personal values, and an ability to participate in a democratic society. These values frame our undergraduate work. They are no less critical in post-baccalaureate study.

Principle 5: The California State University will meet the need for undergraduate education in California through increasing outreach efforts and transfer, retention, and graduation rates, and providing students a variety of pathways that may reduce the time needed to complete degrees.

The recommendations in support of this principle are:

- 5a. A continuation of the current Trustee policy to strengthen the connection between the CSU and K-12, joined to a renewed commitment to strengthen significantly our collaborative relationship with the California Community Colleges.
- 5b. A commitment to expand programs of mentoring, course and program articulation, and adequate counseling and assessment.
- 5c. A commitment to continue and expand programs to reach traditionally underrepresented communities through increased efforts at outreach and retention.
- 5d. A commitment to review the current pathways to the degree(s), with a special focus on developing more joint and shared degree programs, reviewing the preparation of students for the teaching credential, and eliminating unnecessary obstacles to the timely completion of degrees.
- 5e. While acknowledging that the “price” of attendance may well go up, a continued commitment to manage costs, and to maintain low student fees by any national standard, with sufficient financial aid to ensure that access for needy students is maintained.

Principle 6: Graduate education and continuing education are essential components of the mission of the California State University.

The recommendations in support of this principle are:

- 6a. The CSU will provide increased access to graduate education and continuing education, especially in those programs central to the lifelong opportunity of our students, and to the continued health of California’s communities and economy. These programs include traditional fields such as teaching and nursing, and newer fields such as biotechnology and multimedia. This recommendation suggests a

significant expansion of professional and other programs in areas of high need, financed at least partly through program reductions in other areas.

- 6b. The expansion of opportunities in these areas will require a significant integration of programs in both the state-supported and fee-supported modes; the specifics of a more integrated program need to be developed, including the proper institutional and financial relationships.

- 6c. The expansion of CSU post-baccalaureate programs will require a new system of financing those programs.

- 6d. The expansion of opportunity in these areas requires significant increases in financial aid for graduate, credential, and continuing education students. This initiative will require both institutional aid and a commitment to amend state and federal aid policies.

- 6e. The expansion of opportunity in these areas will require new partnerships with community and business institutions to make education available beyond the campus, and to increase the immediacy of education that is applied and professional.

- 6f. The CSU should explore the feasibility of a “California State University Alumni Passport,” which would offer continuing education courses at reduced fees, and other means of expanding access to life-long learning for CSU graduates.

C. Ensuring Financial Stability

The goals of ensuring educational excellence and broad access to it are best met in an environment where resources are stable enough that campuses can make plans, determine priorities, and successfully implement them. Equally important, students should be able to plan confidently for the completion of their education in an environment in which both their fees and adequate aid are predictable. This requires a new financial policy framework for California higher education.

The California State University is committed to developing a long-term financing policy agreement between the State of California and the institutions of higher education. This new policy must be grounded in the long-term economic, educational, and social value to the state derived from higher education. California’s annual state budget decisions must support the long-

term policy commitments of the state’s Master Plan for Higher Education. Above all, the state must align its resource allocation and reward policies with its highest priority social goals.

At the same time that the CSU leadership commits itself to develop a long-term policy agreement with the state, Cornerstones reaffirms the most central principle of any such policy: that the responsibility for maintaining excellence, diversity, and health of the CSU is shared by the state, the CSU system, our many campuses, the faculty, the staff, and students. At its heart this principle of shared responsibility expresses the very nature of a public university: that we are a precious public resource, supported generously not only because we offer opportunity to each individual student but because we contribute to the social, cultural, and economic health of the society at large.

Under these terms, the State of California will ensure adequate resources for new enrollment growth, with reasonable base budget adjustment beyond inflationary increases, the protection of access through significantly expanded student aid programs, and the resources needed to attract the best new faculty and to bring faculty salaries to parity with comparable universities.

At the same time, the CSU must adopt policies and procedures through which the system and the campuses increase our productivity in reaching, recruiting, supporting and teaching our students. The relentless search for more state funding must be matched by our own efforts to produce excellence. Financial stability will only be achieved through a combination of increased revenues and increased productivity and savings.

Principle 7: The State of California must develop a new policy framework for higher education finance to assure that the goals of the Master Plan are met. This framework should be the basis for the subsequent development of periodic “compacts” between the State and the institutions of higher education.

The elements of this framework include:

- 7a. The California State University is a public teaching-centered institution. The State of California must maintain its basic commitment for public tax support of this institution now and into the future. As a result, the CSU must acknowledge, ensure, and document, that it is fully accountable to the people of the State of California.
- 7b. The public tax base must be supplemented by private revenues in order to assure continued access and quality in the future. A policy framework that identifies how private revenues can be used to supplement public funding is needed to allow this to occur.

- 7c. There are public and private benefits to investment in higher education, and the system of finance should recognize both aspects.
- 7d. Students and their families should bear responsibility for paying a portion of the costs of their education, because there are substantial returns specifically to the individual from achievement in higher education. The State of California must adopt a more realistic and stable long-term student fee and financial aid policy as part of a new state policy framework.
- 7e. The fees paid by students may increase as they move from undergraduate to graduate and professional education. Professional fees for post-baccalaureate education may reflect differences in program costs; such fees must be matched by adequate financial aid for eligible students. This policy must be monitored carefully to ensure the continued strengthening of graduate programs, and that access is increased, not decreased.
- 7f. Student fees should not be a barrier to higher education for academically qualified but financially needy students. Economic access can be maintained despite increases in fees through appropriate financial aid programs, which should be maintained as a public priority.
- 7g. The CSU shall maintain the tradition of not charging differential fees within baccalaureate programs to reflect cost differences, both because of the essential breadth of the curriculum and the potentials for such differentials to serve as barriers to student exploration and choice of alternative courses of study.
- 7h. The goals of educational quality and institutional efficiency can be complementary. Effective management, including attention to institutional goals and outcomes, must be achieved as a shared responsibility between the faculty and the administration. The public must believe that costs being charged are reasonable and that quality is being maintained, through evidence provided in an accountability system that includes public reports.

Principle 8: The responsibility for enhancing educational excellence, access, diversity, and financial stability shall be shared by the State, the California State University system, the campuses, our faculty and staff, and students.

The options presented in support of this principle fall into two categories, those providing revenues, and those increasing savings through productivity.

Revenue Options

- 8a. The CSU must continue relentlessly to pursue state general funding to meet the core needs of the institution. Base funding for the institution must be provided for enrollment growth, quality and capacity.
- 8b. Steps need to be taken to develop a stable long-term student fee and financial aid policy as part of a long-term funding compact with the State of California. Student fee increases should only occur as part of a planned and managed financial compact among the institution, the state, and the students. Students should know when they first enroll in the CSU what their fees will be when they graduate. In keeping with current Trustee policy, one-third of all revenues from fee increases should be reserved for institutional financial aid.

Productivity and Reinvestment Options

- 8c. Cornerstones proposes a “faculty development and reinvestment” program, in which the CSU and each campus anticipates opportunities to increase productivity over the next decade. Productivity increases seem particularly likely if retirements occur as anticipated, and an increased proportion of replacement faculty are hired into tenure or tenure-track positions at junior levels. An additional element of the strategy is the commitment to integrate faculty replacement planning with faculty development policies and resources to expand professional development for CSU faculty.
- 8d. Policies to guide how reinvestment and development occurs must be developed at both the system and the campus levels as part of the university’s long-range policy and planning efforts.
- 8e. Other options to increase productivity include reductions in remedial education costs, increased administrative efficiencies, and a reduced time-to-degree afforded through better counseling and course scheduling. CSU faculty should also examine the prospects for increased productivity through the use of teaching techniques that effectively employ technology.

D. Ensuring University Accountability

The California State University has moved from a regulation-driven, heavily centralized and bureaucratized “system” to a community of distinct and diverse campuses. Each campus serves broad statewide purposes through a quite distinct mix of programs and fields of study. Each campus shares the fundamental commitment to teaching excellence, community service, and advanced scholarship, but does so with an attentive eye to distinct local and regional needs.

Cornerstones affirms this movement towards decentralization and the differentiation of campus identities, in a context of shared goals and broad commitments to the people of California. We do not pretend this balance between broad statewide commitments and local campus autonomy is easy or formulaic. It is created in a context of mutual accountability, increased clarity about goals, and better communication about results.

Cornerstones itself expresses the delicate complexity of drafting broad policy goals for a community of different campuses. The CSU can be more than the sum of its parts; it can stand for more than the particular identities of its individual campuses; it can make common commitments to California. At the same time, we believe in greater flexibility and autonomy in how campuses implement those commitments.

In the development of a comprehensive system of mutual accountability, then, the CSU should affirm two principles. First, we will account for our performance as a community in honoring the educational commitments we make to the people of California. We are confident in reporting to the people of the state our achievements.

Second, we will insist on the greatest possible autonomy for campuses to reach our statewide goals, and we will honor the quite diverse nature of our campuses and the students who attend them. Any system of annual reports, for example, should focus on the substantive educational value added for students of quite different backgrounds and appreciate the success of students who manage to acquire an education in the midst of raising families and working.

Principle 9: The California State University will account for its performance in facilitating the development of its students, in serving the communities in which we reside, and in the continued contribution to the California economy and society, through regular assessment of student achievement, and through periodic reports to the public regarding our broader performance.

The recommendations in support of this principle provide:

- 9a. The CSU will expand and/or develop mechanisms for assessing institutional performance in the areas of student achievement, student satisfaction, the quality

of teaching and support services, administrative effectiveness, the provision of service to the community and to the state's economy and society, alumni satisfaction, employer satisfaction, and faculty and staff satisfaction.

- 9b. The CSU will develop a variety of annual reports, appropriately formatted to reach different audiences, which will serve to inform the public regarding our performance.
- 9c. The CSU will strengthen employee performance assessment through the careful development of both comprehensive system policies and campus-specific procedures implementing those policies.

Principle 10: The California State University campuses shall have significant autonomy in developing their own missions, identity, and programs, with institutional flexibility in meeting clearly defined system policy goals.

The recommendations supporting this principle are:

- 10a. CSU campuses will have greater opportunity and incentive to create more options for flexible hiring, professional growth opportunities, and remuneration practices for faculty and staff, within the parameters of collective bargaining.
- 10b. CSU campuses will have greater options to develop community/industry partnerships in both program design and teaching, and expand the use of off-campus facilities.
- 10c. The CSU will streamline the system process governing program development and program approval, minimizing standardization and maximizing institutional flexibility. All of this will balance against greater system accountability for outcomes; thus, campuses will meet agreed upon performance standards while having greater flexibility regarding program design standards.
- 10d. The CSU will work cooperatively with external agencies (WASC, CPEC, etc.), to facilitate appropriate approvals of new and experimental programs, and to develop appropriate accountability frameworks.
- 10e. The CSU will provide system funding for "start-up" and innovative programs.
- 10f. The CSU system will review current Title 5 and university code requirements to eliminate regulatory constraints where possible.

Conclusion: Shared Responsibility

Cornerstones is animated by the conviction that a fundamentally healthy university is in the best possible position to examine itself, propose new directions, and shape a future which will better serve the people of California. The Cornerstones Policy Goals and Principles have one continuing theme: We all share responsibility for a great public resource. The California State University enjoys the strong support of the state, the loyalty of California's people, the professional commitments of a talented faculty, staff, and administration and the daily engagement of an intelligent and imaginative student body. Indeed, California's economic and social health is tied increasingly to CSU's expertise and performance.

Cornerstones depends on each member of the CSU community to play a role in determining the university's future. We will maintain both educational excellence and access through a program of shared responsibility. The following outline summarizes the fundamental policy framework which characterizes this report.

A. Future resources needed to maintain quality, access, and productivity:

- * appropriate public support for enrollment growth
- * capital investment, both infrastructure and technology
- * faculty reinvestment and development
- * competitive increases in faculty and staff salaries
- * plant maintenance and improvement
- * funding for financial aid to ensure access to needy qualified students

B. What the University faculty and administration will do to maintain their public responsibilities:

- * Provide access to the growing population seeking higher education.
- * Increase productivity as part of a long-term plan to maintain quality and access, through a variety of financing and accountability strategies, designed to share responsibility for the future among the members of the university community.
- * Increase learning productivity through reduced time-to-degree, more efficient use of campuses, and greater student access to program services.
- * Eliminate redundant and/or unneeded low enrollment programs.
- * Encourage program consolidation and cross-campus sharing to preserve essential low-enrollment programs.
- * Reduce need for remediation.
- * Reduce administrative costs.
- * Reinvest significantly in faculty, through a faculty development and reinvestment program that protects the core resources and ensures additional resources for faculty development and learning.

- * Increase investment in educational technology to enhance teaching and learning, and prospects for effective distance education.
- * Increase scheduling and programming flexibility, course availability and continuing education opportunities.
- * Focus on continuous quality improvement, through a system of performance accountability that sharpens focus on goals and performance.
- * Demonstrate public accountability for results through a series of annual reports and a streamlined regulatory system.

C. What the University will ask from students:

- * Support for long-term stable financing of educational quality, including predictable fees increases, accompanied by adequate financial aid.
- * Development of an individual learning proposal for each student.
- * More use of student counseling and advising services.
- * Increased participation in academic program development and assessment.
- * Increased involvement in all forms of active learning.
- * A commitment to the values of civic life and reasoned debate.
- * A commitment to welcome the differences of opinion and perspective which best animates a healthy intellectual and social community.

D. What the University will ask from the state:

- * Funding for enrollment growth.
- * Reasonable and predictable base budget increases beyond inflation rates.
- * Funding increases for competitive faculty and staff salaries.
- * Reform of the Capital Outlay budget to remove distinctions between operating and capital funds for technology.
- * Reform of state financial aid programs to provide increased funding for programs serving the financially disadvantaged, and for post-baccalaureate study.
- * Support for a streamlined system of public accountability and reduced bureaucratic controls.
- * Support for capital investment in both infrastructure and technology.

E. What the State of California will achieve within this framework:

- * Protect future access to high quality, teaching-centered collegiate education.
- * Maintain and strengthen the faculty for the future.
- * Clear standards of demonstrated learning.
- * Protect comprehensive curricula.
- * Maintain access through affordable fees and available aid.
- * Flexible, student-centered learning environment.

- * No traditional new campuses, but greater access through cross-campus consortia and distance education.
- * Graduate and continuing education programs attuned to changing professional and economic needs of Californians.
- * The university's continued contribution to the state's civic, economic, and cultural life, both through our graduates and through our service.
- * A more competent and thoughtful citizenry, empowered to work effectively in the new economy and participate generously in a multicultural democracy.
- * The continued generation of new knowledge and insight, both cultural and technical, without which a complex society cannot thrive.
- * Strengthened public communication about university performance.
- * Greater public accountability for institutional effectiveness, including student learning outcomes, as well as contributions to the economy, the culture and civic life.

We began with four commitments, and crafted four policy goals in support of those commitments. The ten Cornerstones Principles and the specific recommendations that follow them, should be the basis for the programs and projects of a university seeking to shape its future.

This framework provides both an internal guide and an external statement of our priorities. It proposes, finally, a partnership with California's people. This is a partnership rooted in the most fundamental fact about this great public resource: we are supported by a people who both need and respect us. This is support we earn the old fashioned way: we work for it.

Cornerstones is a plan, then, about how we work in support of our students, our State, and a future we share. It calls for both continuity and creativity. We must continue doing what we do superbly well--in the classrooms and laboratories and libraries--and push ourselves beyond the most comfortable parts of our traditions. The best parts of those traditions are, after all, the moments of change and innovation and the unsettled search for new answers.

Appendix: The University in Context: the Economic, Demographic, Political, and Financing Challenges ahead.

The California State University is the nation's largest university system, with over 350,000 students at 22 campuses. It is a remarkable California treasure. Over many decades hundreds of thousands have earned CSU degrees, and contributed vitally to our society and economy.

This is the nation's premier teaching university, with a faculty whose intellectual and creative talents have always been brought directly into the classroom. The CSU is known best and appreciated most by the tens of thousands of Californians who have been our students, and

then our loyal alumni, and by their employers. We are the gateway institutions for the great majority of students seeking a baccalaureate education in California, and for those who seek professional training as teachers, nurses, social workers, and engineers. We take special pride in our record of service to working families, immigrants, and minority communities--all who seek to enter the world of higher education.

We are a driving forceful engine for the California dream, and we are proud of it. Walk on any CSU campus and you will see the thousand faces of the new California: our students are young and old, they work and raise families, and they come from every ethnic, racial, and religious community. The health and vitality of our state's social future depends on these students' imagination and intelligence, and on our ability to provide them every opportunity for learning. There is a direct link between the particular intimacies of university work--the classroom magic, the quiet times of reflection, the serendipitous discovery of new things--and California's long-term social and economic health.

But, just as we affect the state's future, the dramatic transformation of the state's economy, society, and politics frames our own future.

The new economy: California's economy has undergone a profound transformation in the last two decades. The major economic growth areas which have emerged to bring the state out of its recent recession are high-tech and high-tech based, service related industries, that will best employ those who are well-educated and able to move easily among careers and employers. Californians who lack adequate education coupled with skills and competencies useful across career lines, especially those who have not received at least a college degree, will find less opportunity, less advancement, and less earning capacity.

The numbers are compelling. They are reflected in both national and international trends.

* In every industrialized nation, employment in those productive sectors demanding higher education has grown greatly -- between three times (in the United States) and 30 times (in Italy and France) the average of those demanding less education.

* The gap in annual wages between those with and without college degrees widens every year. Currently, those who have a college degree earn roughly twice what high school graduates earn. The annual wages of workers without college education have actually declined (when adjusted for inflation) over the last twenty-five years.

* Unemployment is dramatically higher for those without a college education. In the United States, even during the height of the recession, unemployment for those with a college degree did not exceed 3.5%, while it averaged over 8% for high school graduates and 13% for those lacking a high school diploma.

The new demography: In an economy in which the well-educated will thrive, and those lacking education will fare poorly, the California State University has a special responsibility. We have a long history of providing opportunity for those Californians who may be the first in their family to attend college. Especially through our partnership with California's community colleges, we provide education and access to the economy for millions of Californians. As the employment profile of the new economy continues to shift towards the service and value-added industries, the demand for collegiate education will soar.

The sheer magnitude of the numbers bears reminding. By the year 2005, CSU annual enrollment will grow by 69,000 full-time-equivalent students. We face an increase of 100,000 full-time-equivalent students by 2010. This will not happen all at once, of course, and each year may show dramatic variation according to changes in the economy and unemployment. Two out of every three new students will come through the community colleges, whose numbers may also increase as more students seek less expensive ways of going to college.

The aggregate numbers tell half of our funding dilemma, to which we turn in a moment. Far more interesting is the dramatic demographic transformation of the student body, which in the CSU's case increasingly reflects the racial and ethnic diversity of California. By 2005, close to half of the entering class of students will likely come from dual-language families. On almost all of our campuses there will be no single racial "majority" group, as the numbers of Latino and Asian students will increase significantly over the next decade.

This change ought to require only that which California has always offered its people: adequate resources to meet the demand for college education, and a commitment to excellence shared by both faculty and students. It is especially galling to minority communities to see dwindling resources emerge as a crisis precisely when minority students achieve majority standing. The CSU is deeply committed to active programs of recruitment and academic preparation for communities historically underrepresented in higher education, and believes that all our students deserve the highest quality service and instruction. The CSU will make every effort to secure adequate state resources for all Californians who desire a college education.

Within the university the questions of diversity are more complex and compelling than brute resources alone. How does the faculty, increasingly diverse itself, thoughtfully account for differences in learning styles and family demands among different students? What services make "access" an active rather than passive word, where the university actively seeks the best conditions for success of all its diverse students? What education is required for full participation in a diverse society committed to democratic values?

Many of these questions prompt further and appropriate concern for resources, as do other dimensions of the demographic change. More and more students will be working full-time and raising families. More and more students will be part-time, and more working Californians will seek short-term education for career or advancement purposes. And each new student will legitimately want attentive student service professionals and available faculty advisors.

The new politics: The political consensus about the role of higher education is more fragile now than at any time in the last three decades. This is a national issue, although the framework for the conversation and some of the specifics are unique to our state. What higher education is for, and who should have access to it, are being seriously debated in government and by the media. We are accused by many of having weak standards, being too expensive, and perpetuating our institutional interests rather than serving the educational needs of students or of society. This is a profound and serious political fact to which the CSU must pay attention. We operate within an external policy environment that often does not understand us or our values and goals.

The challenges facing public higher education in California are particularly sharp. The state fiscal situation and the public policy environment make it imperative that we attempt to shape the future rather than allow current trajectories to continue. Study after study done by us and others confirm the basic framework of demand growing faster than public resources. Absent some explicit interventions to reverse those trends, through effective justification for increased public revenues and sharper attention to internal resource management, the inevitable route is either the denial of access, or maintaining access at the expense of quality. Both are unacceptable.

We have seen a generation of state legislative leadership leave because of term limits, and the arrival of new leadership that is energetic and capable, but that has not absorbed the educational policy lessons in California of the last half century. Many of our legislators are new, they are impatient because they need to make their mark in a short period of time, and they want solutions. We know what questions they will ask: how will we meet our mission to provide access and affordability; how will we ensure quality through maximum attention to the teaching and learning process; and what is the evidence for our results?

Within the CSU, we need to engage a new process if we are to find solutions to our challenges and preserve the most important ingredients of shared governance. We must maintain our momentum of moving toward a decentralized system, with greater support for individual campuses to serve different communities with different needs. At the same time, we must maintain our capacity to serve the needs of the State as a system.

There are transformative educational needs facing the institution, which must be addressed whatever the levels of state funding. To do this, the institution must pay much greater attention than before to achieving change through reinvestment and development of our core resources. The strategies of reinvestment and development are particularly important as they affect the most valuable resource of the University, its teaching faculty, many of whom will retire in the next decade. The protection and regeneration of that faculty must be a priority in the years ahead. Achieving this in an environment of greater decentralization and shared governance is a challenge, but one we believe is achievable.

The finance crisis: Over the past twenty years, through a series of constitutional initiatives that have limited legislative control over spending, California has evolved a state budget structure with a permanent imbalance between general fund revenue availability and structural demands for new program spending. Higher education spending -- specifically spending for the University of California, the California State University and student aid -- has become a "leftover," drawn from a general revenue base increasingly restricted by constitutional and statutory provisions. These provisions limit the Legislature and Governor's ability to decide where scarce resources can be spent.

The net result is that elected officials have incrementally lost both the resources and the decision capacity to govern, with particularly bad effect on higher education. The percentage of state spending on higher education has dropped enormously: from \$12.01 for each \$1000 of personal income in 1975, to \$7.22 in 1996. While the end of the current recession has meant more state funding for higher education over the past two years, the long-term outlook is that higher education expenditures as a percentage of the total state spending will decline.

The "Gap": We fully intend to do everything possible to increase state funding for the CSU, and we do not believe the people of California will abandon support for the CSU if our case is made persuasively. Through intensive public advocacy on behalf of the institution, and appealing to the current broad-based bipartisan support for higher education, we believe that the CSU can maintain and increase state support. Indeed, during this decade's worst economic environment in California's history, the respect and relative support for our university has grown meaningfully. Yet we do not imagine that even the most effective efforts will result in sufficient funding for all of our legitimate needs. Developing a sense of the range of most likely resource needs, and identifying steps to meet them, is one of the goals for this process. The starting place for this aspect of our work has been an assessment of the size of the resource/quality/funding "gap" that CSU and the state must fill if the institution is to meet future enrollment demand without a loss of quality.

CSU anticipates four types of resource "gaps" between legitimate need and probable future revenues: the operating "growth" gap, resulting from insufficient revenues to meet the enrollments of the next decade; the "quality" gap, accumulating from current unmet needs such as the eroding CSU faculty salary base, as well as for new investments for priorities such as faculty development and new technology; the "capital" gap, for resources for physical plant needs both for deferred maintenance and repair on the existing plant and for new space to accommodate the new enrollments; and the "access/aid" gap, resulting from unfunded financial need for CSU students. The details of these estimates are provided in the report of Task Force II, and are just briefly reiterated here:

The "growth" gap: Under the most optimistic scenario of possible future state appropriation growth (between 5.0% and 6.5% annually through 2005), the CSU will have a \$58 million "deficit" in 2005 if enrollment demands are met. Under a pessimistic scenario, with appropriations growing at 4.5% through 2005 and then dropping to 3.5% thereafter, the

"deficit" is \$240 million in 2005, and grows to \$520 million in 2010. The mid-range estimate is for a deficit of \$240 million in 2005, growing to \$365 in 2010.

The "quality" gap: CSU has unfunded needs which constitute a serious gap between resources needed to sustain quality even without new enrollment related funding needs. We estimate these deficits now would cost nearly \$900 million to close, largely for faculty salaries, new technology, equipment replacement, libraries, and maintenance. The institution estimates a need for \$450 million for intra-campus technology infrastructure for all CSU campuses; this does not include the cost of training in new technology to enable faculty and staff to make the best use of the new technology. An additional \$115 million is needed to replace obsolete instructional equipment, particularly vital to maintain the quality of the teaching laboratories. There is a deficit of \$53 million in library acquisitions; another \$51 million in funding for mandatory price increases; and \$13 million in maintenance and utilities costs for new space.

The "capital" gap: CSU has new capital needs both to accommodate enrollment growth, and for deferred maintenance, renovation and remodeling. Accommodating the enrollment growth will require additional space to accommodate the roughly 26% overall increase in students. If all available existing physical plant space on all the CSU campuses were used to maximum capacity (and making this estimates requires aggregating space availability, meaning a leap in imagination to use space without regard to where it is), CSU would still be short of space needed to accommodate 25,000 students in 2005, and 58,000 in 2010.

Financial aid/access gap: Student aid remains a critical element in the CSU efforts to provide access to California's students. In 1996-97, close to 45% of CSU students had financial "need" as measured by the standard methods for determining need. Because of the growing inability of the financial aid system to fund all need, we estimate a financial aid "gap" for our current students of \$312 million. The number of needy students is projected to increase gradually over the next decade, to 59% of total enrollments in 2005 and 68% in 2010. These estimates assume no increases in tuition beyond annual inflationary adjustments. Even at that level of tuition growth, we project the need for aid to grow to \$774 million in 2005, and to top \$1 billion in 2010. Cornerstones affirms that all fee increases must be matched by adequate financial aid for needy students.

The historic level of public resources committed to higher education is absolutely unmatched by any other state in this nation. Yet the current reality of public finance in California is that public resources are no longer available to fund all of higher education's legitimate priorities at the same levels as in the past. No state financial policy framework for higher education has been developed in this new environment, and the institutions and the state are left with no analytical basis for determining where increasingly scarce general fund resources should be invested to meet public priorities. Three years ago a preliminary compact between CSU, UC and the state began to mold a long term stable planning context. What is needed is a new state policy framework for higher education finance that is animated by the goals of the Master Plan, and which can be used as a policy guide to determine what resources can be found to meet our priorities. That policy framework should shape a series of new compacts with the State, Compact II and beyond.