Purdue University's Cost-Cutting and Quality-Enhancing Initiatives:

LESSONS FOR TEXAS?

TEXAS PUBLIC POLICY FOUNDATION

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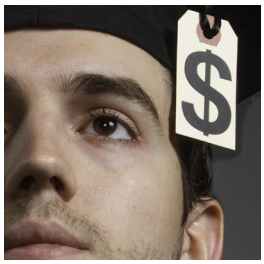

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Purdue University's Cost-Cutting and Quality-Enhancing Initiatives: *Lessons for Texas?*

by Thomas K. Lindsay, Ph.D.

Executive Summary

Since taking office as the 12th president of Purdue University in January 2013, Mitch Daniels has accomplished something very rare—to the point of being unheard of—in higher education these days: He has halted the increase of undergraduate tuition for six years (extending through academic year 2019), reversing a trend of 36 consecutive years of tuition increases.

Daniels is trying—and succeeding—at lowering universities' costs, rather than merely passing along the (ever-larger) bill to students, parents, and the already cash-strapped state legislatures and the taxpayers they represent.

Daniels' efforts are driven by his concern over the fact that college prices are the only major expense item in the economy that is growing faster than health care. Federal Reserve data support his claim: With the exception of home mortgages, student-loan debt has surpassed every other form of debt—credit cards, automobile loans, and refinancing arrangements.

In a *Wall Street Journal* commentary, Daniels reported that surveys conducted by the Pew Research Center and Rutgers University also serve to bolster his assertions. These studies reveal that Americans in their 20s and 30s are delaying marriage and childbearing, both unhelpful trends from an economic and social standpoint. Moreover, between 25 percent and 40 percent of borrowers report postponing homes, cars, and other major purchases. More disheartening, 45 percent of graduates aged 24 and under are living at home or with a family member of some kind.

These deleterious effects of tuition hyperinflation, argues Daniels, are not limited to consumer spending, but also to "our propensity to innovate and to invent new vehicles of wealth creation." The United States has now "fallen in multiple world-wide measures of entrepreneurship."

In 2014, Purdue University collaborated with the Gallup Research group to assemble the "Gallup-Purdue Index," which the university claims is "the largest survey ever of U.S. college graduates." Its findings support the conjecture that growing student loan debt is dampening entrepreneurship among recent college graduates. It finds that 26 percent of "those who left school debt-free have started at least one business." In contrast, "Of those with debt of $40,000 or more, only 16 percent had done so."

Daniels argues that bringing down higher education prices, along with "expanding access," is nothing less than a "social and moral obligation of those in a position to affect it." To this end, he highlights several cost-cutting measures taken in addition to the school's six-year tuition freeze: Purdue has reduced its prices for room and board and textbooks. It is also now providing "aggressive counseling of students about the dangers of too much borrowing, and the alternatives available to them." From 2013 to early 2015, such counseling contributed to a decline of 18 percent in Purdue student borrowing.

Four additional reforms have been undertaken by Daniels: (1) a move to "Income Share Agreements," which it hopes will prove to be a lower-cost substitute for the current student-loan regime; (2) the adoption of a new three-year degree in the liberal arts; (3) Purdue's announced plan to buy the private, for-profit, online Kaplan University, through which it intends to serve more adult learners through the online platform; and (4) efforts to improve the other side of higher education's value proposition—student learning—through standardized testing to measure all students' growth in their general academic skills during their college years.

KEY POINTS

In light of Purdue University's successful cost-cutting measures, the Texas Legislature, as well as each Texas public university system board of trustees, should explore the viability of the following policies:

- Reduce the cost of room and board expenses for their students.
- Reduce the cost of textbooks for their students.
- Establish aggressive counseling of students about the extent and terms of their loan debt.
- Study the feasibility of establishing Income Share Agreements for Texas public college and university students.
- Establish three-year college degrees in the liberal arts.

Introduction: *The Debate Over the Possibility as well as the Desirability of Cost-Cutting on the Part of American Public Colleges and Universities*

National public opinion surveys testify to the fact that there is a growing number of students and parents across the country seeking tuition reductions or even freezes at their public colleges and universities. In response to this request, defenders of the higher education status quo have rejoined that reductions or freezes would serve only to the detriment of their universities' capacity to offer a high-quality education to their students.

As a leading example of this rejoinder, consider the newly formed consortium of public research universities, the Lincoln Project. Its position paper is titled, "*Recommendations for preserving and strengthening the nation's public research universities*." The project's first, most crucial, recommendation begins, "Reductions in state support have been the primary driver of tuition increases at public research universities, and continued cuts may compromise the quality of education and research at these institutions." Therefore, and "undoubtedly, the most effective, efficient, and democratic solution to these challenges would be for *all 50 states to recommit to the financial support of their public research universities*—if not by reversing the cuts made over the last decade, then at least by increasing public higher education contributions over the next decade" (emphasis in original).

To be sure, the members of the Lincoln Project are far from alone in their judgment regarding the ultimate effects of tuition reductions and freezes. More than a few college and university leaders would concur with their assessment that tuition reductions and academic excellence are virtually exclusive.

But Mitch Daniels apparently disagrees. Since taking office in January 2013, Daniels has frozen undergraduate tuition for six years (extending through academic year 2019), reversing a trend of 36 consecutive years of tuition increases.

How have Daniels and Purdue University been able to accomplish this? Is there anything that Texas public higher education might learn from their example?

Mitch Daniels' Assessment of the State of American Public Higher Education

To answer the two questions above, we need first to discover President Daniels' take on American higher education. On this subject he has not been reticent. Nearly three years ago, he took to the pages of the *Wall Street Journal* in an attempt to explain (as indicated by the title of his essay) "How Student Debt Harms the Economy."

Here, the former governor of Indiana argues that we must take account of "another casualty" of thirty years of tuition hyperinflation. Not only are high tuition and fees charges "harming" our young people and "holding back today's economy," this burden also should cause us to "worry that tomorrow's economy will suffer, too." He reminds us that college prices are the "only major expense item in the economy that is growing faster than health care." Federal Reserve data support his claim: With the exception of home mortgages, student-loan debt has surpassed every other form of debt—credit cards, automobile loans, and refinancing arrangements. He also cites data analyzed by both the *Wall Street Journal* and Experian, which reveal that, in 2014, "40 million people, roughly 70 percent of recent graduates," have become borrowers. In 2014, "the average borrower left with an average load of $33,000" (Daniels 2015a).

> College prices are the only major expense item in the economy that is growing faster than health care.

Surveys conducted by the Pew Research Center and Rutgers University also serve to bolster his assertions. These studies, which he cites in his article, find that Americans in their 20's and 30's "are delaying marriage and delaying childbearing, both unhelpful trends from an economic and social standpoint." Moreover, "between 25 percent and 40 percent of borrowers report postponing homes, cars and other major purchases." More disheartening still, "45 percent of graduates aged 24 and under are living back at home or with a family member of some kind."

These deleterious effects of tuition hyperinflation are not limited to harming "consumer spending," but also "economic dynamism: …our propensity to innovate and to invent new vehicles of wealth creation. The United States, which has always prided itself on its citizens' entrepreneurialism, has now "fallen in multiple world-wide measures of entrepreneurship." Citing another *Wall Street Journal* report, from 2010 to 2013, "the percentage of younger people who reported owning a part of a new business dropped to 3.6 percent from 6.1 percent," continuing a decade of downward growth. "Common sense says that the seven in 10 graduates who enter the working world owing money" may explain this decline in entrepreneurial activity on the part of younger Americans.

In 2014, Purdue University collaborated with the Gallup Research group to assemble the "Gallup-Purdue Index," "the largest survey ever of U.S. college graduates." Its findings

support the conjecture that growing student loan debt is dampening entrepreneurship among recent college graduates. It finds that 26 percent of "those who left school debt-free have started at least one business." In contrast, "of those with debt of $40,000 or more, only 16 percent had done so."

Daniels argues that bringing down higher education prices, along with "expanding access," is nothing less than a "social and moral obligation of those in a position to affect it." To this end, he touts several measures taken by Purdue University, measures that will be examined in more detail in the next section of this study. Among these cost-cutting efforts are the school's six-year tuition freeze and its reductions in prices for room and board and textbooks. Together, these measures reduced Purdue's total cost of attendance for each of the first two years Daniels had been in office. This two-year cut was implemented at the school "for the first time on record."

Also to be examined in more detail in the next section of this study is Purdue's redoubling of its efforts to provide "aggressive counseling of students about the dangers of too much borrowing, and the alternatives available to them." From 2013 to early 2015, such counseling contributed to a decline of 18 percent in Purdue student borrowing. This 18 percent reduction "represents some $40 million these superbly talented young engineers, computer scientists and other new workers will have to spend, or perhaps invest in their own dreams of enterprise."

Aggressive counseling of students about loan alternatives and the dangers of too much borrowing contributed to a decline of 18 percent in Purdue student borrowing.

There are four additional reforms introduced by Daniels that will be examined in more detail below: (1) Purdue's move to "Income Share Agreements," which it hopes will prove to be a lower-cost substitute for the current student-loan regime, the total debt for which stands today at $1.45 trillion; (2) the adoption of a new three-year degree in 20 majors in the liberal arts; (3) Purdue's announced plan to buy the private, for-profit, online Kaplan University, by which it intends to serve more adult learners through its online platform, currently named "New U"; and (4) Daniels' efforts to improve the "other side" of higher education's value proposition—student learning. Although student learning is the central mission of universities—indeed, the characteristic that distinguishes education from other enterprises—a number of studies demonstrate that, not only have college costs been heading north, but also, student learning has been trekking south.

Implementing the Higher Education Vision: *Major Reforms at Purdue University During President Daniels' Tenure*

Freezing Tuition for Six Years

After concluding his second term as governor, Daniels was inaugurated as Purdue University's 12th president in January 2013. In his quest to enhance the affordability of the institution now under his charge, he moved expeditiously. As detailed on Purdue's website: "Breaking with a 36-year string of increases, Purdue commenced a series of tuition freezes in 2013," which continue to this day.

When you impose a (budget) limit, people suddenly begin to do common sense things they should have done before. … When money is easy, when you can dial up tuition or fees, people tend to postpone even the most basic efficiencies.

–Mitch Daniels
(2014 interview with the Chicago Tribune*)*

In May 2017, the executive committee of Purdue University's board of trustees approved President Daniels' requested base tuition freeze for the 2017-18 and 2018-19 academic years, the fifth and sixth consecutive years of freezes. At the same meeting, the board of trustees approved a reduction of ten dollars in the fitness and wellness fees that will be charged to students over the next two academic years. This will translate into a "base tuition and fee rate of $9,992 per year" for undergraduates on its West Lafayette (main) campus.

It would be more than surprising were such cost-cutting measures not to have played a role in Purdue's simultaneous increase in undergraduate applications. Moreover, in-state applications for the 2017-18 academic year are up 7 percent, with the incoming class expected to be the largest in recent years, and with the most Indiana native freshmen in nearly a decade. "Today, Purdue receives more applications and is home to more students than ever in our history," Daniels observed. "It starts with world-class academics, but a big factor is that students and families know we will work

hard to keep that excellent education within their financial reach."

The fitness and wellness fee was first implemented to help fund construction and maintenance of the France A. Córdova Recreational Sports Center. But when an internal university audit revealed that the initial fee estimates would garner a surplus after the costs of construction and operations were repaid, Purdue decided to pass these savings along to its students in the form of a lower fee.

At the same time that it has been cutting costs for students, Purdue also approved in May 2017 "a 2.5 percent merit pay increase for employees at West Lafayette."

With these moves, Purdue's tuition and fees now rank third lowest for resident undergraduates out of thirteen public Big Ten universities. It is now fourth lowest in the Big Ten in tuition and fees charged nonresident students.

Implementing Reductions in Students' Room and Board Costs

In December 2016, the executive committee of Purdue University's board of trustees approved a measure guaranteeing that undergraduate students at the main campus in West Lafayette will be charged no increase in room and board rates for the fifth consecutive year.

"Room and board represents a major expense for students," commented Daniels, "so it's gratifying to see that we are controlling those costs without compromising our quality. …Students benefit greatly, both academically and socially, from living on campus, and we want to make it a viable option for every student."

"Our goal is to develop a range of housing configurations and prices so that students can find the option that works both for their budget and their lifestyle," said James Almond, senior vice president and assistant treasurer at Purdue.

Most important: "For students at West Lafayette, three years of flat rates, combined with two previous years of five percent reductions in board costs, means rates will be lower in the next academic year [2017-2018] than they were 2012-13."

Bringing Down the Price of Textbooks Through a Novel Collaboration with Amazon.com

In August 2014, Purdue announced a new initiative designed to provide students the opportunity to save up to 30 percent—six million in total dollars saved—on their college textbooks. The initiative consists of a collaboration between Purdue and Amazon.com to launch the Purdue Student Store on Amazon.

Students spend roughly 12 percent of Purdue's in-state tuition on class materials. They can now save up to 30 percent—six million in total dollars saved—on their college textbooks.

Under the arrangement, Amazon will for the first time "bring staffed customer order pickup and drop-off locations to Purdue's campus, as well as expedited shipping benefits phased in over the course of the 2014-2015 academic year." The first campus pickup location opened in 2015.

"This relationship is another step in Purdue's efforts to make a college education more affordable for our students," commented Daniels. "With the pressure on college campuses to reduce costs, this new way of doing business has the potential to change the book-buying landscape for students and their families." The Purdue president added that textbooks are the third largest expense for college students. Having previously addressed the two largest charges—tuition and fees as well as room and board expenses—the university's partnership with Amazon is an effort to reduce the third.

"According to the College Board, students at four-year public institutions spend more than $1,200 a year for class materials," said Frank Dooley, interim vice provost for undergraduate academic affairs at Purdue. "That's roughly 12 percent of Purdue's in-state tuition."

Under the new arrangement, students can "purchase or rent new and used print textbooks, as well as buy and rent Kindle eTextbooks." Amazon has agreed to "return a percentage of eligible sales through the Purdue Student Store on Amazon to the university, including sales to faculty, staff, alumni, and friends of the university." These funds have been earmarked by the university to be spent on "its student affordability and accessibility initiatives."

Interim Vice Provost Dooley remarked that the Amazon partnership attracted the university for two primary reasons: "Amazon doesn't force students or instructors into any one format, offering print and digital, buying and renting, new and used. And the potential savings is about 30 percent a year on textbooks for our students."

The Purdue Student Store on Amazon is the second "co-branded university program." An online student store was launched at the University of California Davis in the 2013-14 academic year.

Enhanced, Aggressive Counseling to Support Students' Efforts to Minimize Their Loan Debt

On September 30, 2015, President Daniels testified before the Joint Economic Committee of the United States Congress. There, he expanded his analysis of the pernicious effects of tuition hyperinflation and its concomitant, skyrocketing student loan debt.

"Congress should adopt a 'first, do no harm' policy," Daniels said. "The most specious and counterproductive of suggestions is to simply hand out even more public funds, a 'hair of the dog' approach—if you're hung over have another—if ever there was one" (Daniels 2015b).

The Purdue president suggested three areas in which Congress could act: (1) enhancing university accountability; (2) establishing Income Share Agreements; and (3) "financial transparency and literacy."

Under the Daniels regime, the university has implemented a counseling program designed to better communicate to students precisely how much financial aid they are receiving, how much they will be required to raise on their own, and their total cost to repay these loans. In this vein, he requested that Congress consider and implement measures that will incentivize all universities to become more transparent with their students about the total costs of their college degrees as well as the earning potential for each degree offered by the school.

The enhanced transparency that Purdue has achieved through more aggressive student counseling, together with the school's ongoing tuition freezes, has yielded a "decline of $50 million, or 22 percent, in student debt levels over the last three years" at the school, Daniels told the congressional committee.

In the course of his testimony, Daniels asked Congress to hold schools accountable for the federally subsidized loans that their students receive. "Colleges and universities receive taxpayer dollars with nothing at risk and no incentive to ask for less in tuition," he observed. "Fundamental reform towards a system of shared accountability is clearly warranted. Colleges and universities should have more skin in the game. They should share in the risk with students and taxpayers that the education provided might not lead to positive life outcomes, and they should be rewarded when results are good."

Shifting the Burden of Pursuing the American Dream: *Income Share Agreements*

In the course of his September 2015 remarks to the congressional committee, Daniels highlighted Income Share Agreements as a more student-friendly alternative to private loans or PLUS loans. To this end, he urged passage of legislation that was being considered at the time, HR 3432, which, he asserted, would offer needed safeguards for students as well as clarify terms and regulations for Income Share Agreement providers.

"There is something very American and progressive about the idea that contrasts with the existing alternatives," Daniels remarked to the committee. "Consider that with private and PLUS loans, access to higher education funding regressively depends on family wealth. With an Income Share Agreement, family credit is irrelevant to one's worthiness to get funding. What matters is the future, and an individual's promise to work hard, and pursue the American dream."

HR 3432 failed to pass in the last session of the U.S. Congress. Nevertheless, Purdue has proceeded with its own implementation of Income Share Agreements. On August 21, 2015, a little more than a month before he testified before the congressional committee, Daniels penned an op-ed that ran as a "special to the the *Washington Post*," "A Fix for Student Loan Debt." There he calls our attention to the fact that the default rates on student loans today "parallel those for the subprime housing loans of the financial crisis, and the debt numbers show no signs of decelerating, growing again this year by an estimated eight percent. …Forty-three million indebted students, and former students and their families…owe the federal government…an average of $27,000. Not dischargeable even in most bankruptcies, these obligations are *a modern form of indentured servitude*" (emphasis supplied) (Daniels 2015c).

Income Share Agreements, he argues, can provide a helpful alternative. Under these agreements, a student "contracts to pay investors a fixed percentage of his or her earnings for an agreed number of years after graduation." In addition to being a "constructive addition to today's government loan programs," Income Share Agreements are "perhaps the only option for students and families who have low credit ratings and extra financial need." Proposed by University of Chicago economist Milton Friedman "more than a half-century ago…there is a market for them today in Colombia, Mexico, Chile and other Latin American countries."

Income Share Agreements benefit students, Daniels argues, through guaranteeing a "manageable payback amount, never more than the agreed portion of their incomes." Bearing in mind the differences among providers, nevertheless,

"terms tend to range from five percent to 10 percent of income for 10 to 15 years, or somewhat higher (10 percent to 15 percent for shorter contracts such as five to seven years)."

Most important, he argues, Income Share Agreements "shift the risk of career shortcomings from student to investor: If the graduate earns less than expected, it is the investors who are disappointed; if the student decides to go off to find himself in Nepal instead of working, the loss is entirely on the funding providers, who will presumably price that risk accordingly when offering their terms." This, he argues is "true 'debt-free' college."

Another benefit to students of Income Share Agreements is "the market signaling that tells them which fields are most likely to be rewarded economically." As an example, "a chemical engineer…is likely to negotiate a much lower repayment rate or shorter repayment term than her art history roommate." This advantage and others have produced support from "an unusually broad spectrum of experts," among them, Beth Akers of the Brookings Institution, the New America Foundation, and scholars at the American Enterprise Institute. The last group concludes that Income Share Agreements "are better suited for student financing than traditional student loans." In anticipation of the growth of this initiative, "a number of companies and funds have already organized."

For these reasons, Daniels writes, the "Purdue Research Foundation recently commenced a formal solicitation to help us find a partner for our Income Share Agreement program." Putting its money where its new program is, Purdue itself will participate "as an institutional investor in the partner fund."

Although he regards Income Share Agreements as an "innovative" response to the "student debt run-up," he cautions against other "truly bad" responses, "the most specious and counterproductive" of which is "to simply hand out even more public funds…" It is misleading, he argues, to label "such an approach 'debt-free'; borrowed by an already bankrupt federal government, the money will be all debt, merely shifted to taxpayers, including these very same students as they enter their working years."

Within a year of presenting his congressional testimony, Daniels fulfilled his promise to launch Income Share Agreements at Purdue. In an interview conducted in November 2016, he clarified a number of particulars regarding the new program. Under Purdue's Income Share Agreement protocols, the "repayment time can be up to nine years long, and the income share will be between 0.75 percent and 10 percent, according to the rules of Purdue's program." In the 2016 launch of the program, "more than 140 Purdue students" garnered funding through Income Share Agreements. "Think of it as equity as opposed to debt, so the risk shifts entirely to the investor," remarked Daniels (Lobosco).

Granting that Income Share Agreements are not a panacea for the debt crisis faced by today's college students, Daniels counters that they are designed "especially for students who don't have a lot of options. …It may well be a much better alternative than a lot of the private loans, which are rather expensive."

Although direct federal loans carry lower interest rates and are relatively easy to qualify for, "students are limited to how much they can borrow, and it sometimes doesn't cover their remaining college cost, even after using savings or getting a scholarship." Students who find themselves in these straitened circumstances then "turn to Parent PLUS loans from the federal government or private loans—both of which come with higher interest rates." More specifically, federal loans to undergraduate college students today "carry a 3.76 percent interest rate, while a Parent PLUS loan has a 6.31 percent interest rate. Private loans can come with rates as high as 13.7%," writes Daniels, citing research conducted by the Institute for College Access and Success. In addition, students in need of other loan options "usually need a parent with good credit to cosign."

Consider the effect of Income Share Agreements on today's college graduates, 1 in 8 of whom are currently underemployed, according to the Economic Policy Institute's analysis of the graduating class of 2016. "Underemployment" refers to the "percentage of the college-educated workforce that is working at jobs that don't require a college degree, working part-time though wanting full-time work, and who want to work but are not currently in an active job search." The Economic Policy Institute study found the underemployment rate to be "much higher today than it was before the last recession: 12.6 percent this year compared to 9.6 percent in 2007."

In light of these disheartening numbers, Daniels concludes that Income Share Agreements "could be a good deal for those who don't land a great-paying job upon graduation. They'll never pay more than their agreed upon percentage of their income, no matter how much or little it is."

Purdue's version of the Income Share Agreement takes its protection for students one significant step further: In Purdue's program, says Daniels, "you won't pay anything if you're unemployed or earning less than $1,667 a month. You won't owe any more at the end of the agreed upon

term, even if you haven't paid back the full amount you've borrowed."

He is quick to own that, given the dynamics of a free market economy, "it's also possible you'll end up paying back more than you originally received." Without the possibility that investors might occasionally earn greater profits, they will lack the incentive to put up their money, without which not a single student would be helped. At the same time, the Purdue program buffers student borrowers against this possibility through a policy that "limits that [repayment] at two and a half times the original funding amount."

Time will tell the fate of Purdue's effort as "the first major university to try [Income Share Agreements] out on this kind of scale. It's an attempt to learn whether this concept is a viable new choice on the menu of financing possibilities for students. We hope to learn that it works out well for both sides of the transaction," Daniels commented (See Appendix A: Income Share Agreement [ISA] Background).

Time is Money: *Reducing the Time to a Bachelor's Degree From Four Years to Three*

In October 2017, Purdue University launched another initiative designed with the intention to save students money. The new effort is titled, "Degree in 3: 4-Year Value for 3-Year Cost." The three-year degree programs will be housed in the College of Liberal Arts and offer various liberal arts degrees: anthropology, communications, English, history, interdisciplinary studies, languages and culture, philosophy, political science, sociology, and the visual and performing arts.

For Indiana resident applicants, the potential savings of a three-year degree at Purdue in place of a four-year degree is approximately $9,000; for international students, the estimated savings is roughly $19,400. Moreover, in addition to paying for one less year of their college education, students who complete the three-year degree program also will benefit from the additional income that will come from entering the workforce one year earlier (See Appendix B: Purdue's Three-Year Degree).

In light of the above reforms implemented out of Purdue's concern for its students' and their parents' pocketbooks, the previous question arises: Have these cost-cutting measures undermined Purdue's efforts to maintain and advance education excellence? For what it's worth, in September 2017, *U.S. News and World Report* released it 2018 rankings of America's best colleges. Purdue came in at No. 18 for best public university, up from the previous year's 20th placement.

Is Higher Education Reform's Chief Antagonist a "Culture of Committees"?

A Pew Research Center national survey, conducted in 2011, reports the following: "A majority of Americans (57 percent) say the higher education system in the United States fails to provide students with good value for the money they and their families spend." Moreover, "an even larger majority—75 percent—says college is too expensive for most Americans to afford."

In Texas, in late 2010, the communications and public opinion research firm, Baselice and Associates, conducted a statewide public opinion survey commissioned by the Texas Public Policy Foundation. The survey reveals that strong and, at times, overwhelming majorities of Texas voters think that the Lone Star State's public colleges and universities can reduce their operating costs while improving teaching. The survey found:

- Eighty percent of Texas voters think Texas colleges and universities can be run more efficiently, with 50 percent strongly believing so.
- Seventy-one percent of voters—44 percent strongly—believe that Texas colleges and universities can improve teaching while reducing operating costs.
- Eighty-seven percent of Texans believe that the most important purpose of a university is to educate students, while only 6 percent say it is to conduct research.
- By a margin of 81 percent to 14 percent, respondents believe that tuition dollars should be used to teach students and not be used to subsidize research.
- Eighty-seven percent of voters believe college professors should be required to teach in the classroom at least six hours per week (9 percent disagree).

When asked how universities should deal with a budget shortfall, the *top three choices* of voters were:

1. Reduce administrative overhead;
2. Delay new facilities; and
3. Require professors to teach more students and do less research.

In sum, these were the primary takeaways from the poll:

- Raising tuition or taxes were the least favorable options, at 6 percent and 10 percent respectively.
- Eighty-one percent believe that colleges and universities can be run more efficiently.

- Ninety percent of voters believe there should be measurements in place to determine the effectiveness of the education delivered and material learned by students at colleges and universities, while only 7 percent disagreed.

If the polls cited above strongly suggest that a large percentage of the American people favor the sorts of cost-saving reforms championed by Daniels, some on the Purdue faculty clearly do not. The clash between reform and the status quo became most evident when, first, Daniels proposed to measure Purdue students' learning outcomes through the test known as the Collegiate Learning Assessment and, second, when he moved to acquire the online, private, for-profit Kaplan University.

The Proposed Acquisition of Kaplan University

The tension that has grown over these two initiatives among some on the West Lafayette campus is a reflection of the perennial tension on all university campuses between the powers of the president, with his board of trustees, versus those powers claimed by faculty as part of "shared governance." Regarding the planned Kaplan deal, the most recent report released at the time of this writing—*Purdue Faculty Hold Out Hope of Stopping Kaplan Acquisition* (November 17, 2017)—details this tension.

Purdue announced its intention to buy Kaplan University in April 2017, remarking that "the deal allows the university to fast-track a plan to increase education opportunities for adult learners." In the process, Purdue "will essentially acquire Kaplan's current students, faculty, and curriculum." The term "adult learners" refers to nontraditional college students older than 24. Such students often have unique needs in comparison to traditional students, needs too often left unmet by traditional higher education institutions. According to the Lumina Foundation, 38 percent of students with additional family or financial obligations leave school within their first year. Purdue's proposed purchase looks to ameliorate these students' conditions.

Purdue has been granted approval for the purchase of Kaplan University by the Indiana Commission for Higher Education as well as the U.S. Department of Education. The final body needed to certify the deal is the Higher Learning Commission, which is the accrediting body for both Purdue and Kaplan. "Since both Kaplan and Purdue are accredited by the Higher Learning Commission (HLC), it seems doubtful that HLC will fail to accredit NewU, but faculty concerns are typically a big factor in the accreditation process," writes higher education analyst, Jane Shaw. Moreover, says Shaw, "The Indiana chapter of the American Association of University Professors (AAUP) said it 'objects strenuously' to the purchase. The AAUP chapter declared, 'Non-profit institutions serve the public good; for-profit private institutions serve corporate interests. The two should not mix.'"

It has been reported that "more than 300 faculty members [approximately 12 percent of the faculty] signed a petition detailing their concerns to the Higher Learning Commission." "We are one of the top computer science departments in the country, this is what we do," said Purdue Associate Professor of Biological Sciences David Sanders. "We're world famous for this and yet we're taking over a second-rate, for-profit university in order to accomplish this task for us" (Wright).

The Indiana Commission for Higher Education is also reported to have come under fire from faculty for approving the purchase. In response, Teresa Lubbers, who serves as a member of the commission, asserted, "The one thing that I am certain of is that there exists a need to meet the needs of adult students in a way that we've never seen before, and in that regard, having an option like this and making sure that we ensure the quality will be important."

A final decision on NewU's accreditation is expected to come down from the Higher Learning Commission in February or March of 2018.

"Ironies Abound"

The faculty's umbrage at the Kaplan deal has not gone unnoticed by Purdue's president. Far from it. A June 2017 report, "Mitch Daniels Blasts 'Culture of Committees' at Universities," provides his response, which was delivered in the form of remarks presented at a discussion of higher education innovation at the Education Writers Association (Jastrzebski).

Colleges, observed Daniels, are "too often very, very slow to change," due to a "culture of committees, a culture of everybody has to have a say." His remarks came one month after Purdue's faculty senate released a resolution calling on the administration to rescind the proposed Kaplan purchase, which the faculty senate said violated "common-sense educational practice and respect for the Purdue faculty." The faculty senate resolution also underscored the importance of shared governance at the university.

It is likely that shared governance is what Daniels means by a "culture of committees." He added, "What is shall ever be. It's even reactionary from time to time." He finds that "ironies abound" in American higher education. "Places that are supposed to be the havens of free inquiry too often are places where conformity of thought is enforced. Places

that teach…creative disruption…can't imagine that it would happen here" (see Appendix C: Shared Governance, Briefly Explained).

The Emperor's New Clothes: *Poor Student Learning Outcomes on America's College Campuses*

If Purdue's manifestation of the ongoing tension between higher education reform and faculty shared governance reared its head in the battle over the acquisition of Kaplan University, it was preceded by the struggle that ensued after Daniels proposed to address the collegiate learning crisis described by Derek Bok in the inset quote.

> Colleges and universities, for all the benefits they bring, accomplish far less for their students than they should. Many seniors graduate without being able to write well enough to satisfy their employers...reason clearly or perform competently in analyzing complex, nontechnical problems.
>
> *—Derek Bok*
>
> *Former president of Harvard University (2006, 8)*

As detailed in a January 27, 2015, report—"Daniels, Purdue Faculty in Test of Wills"—"the question of [Daniels' proposal for] standardized testing to measure the development of students' critical-thinking skills between their freshmen and senior years is shaping up as a fundamental clash of philosophies."

For his part in the ostensible clash, Daniels sought to add to his cost-saving efforts a measure that reveals whether Purdue students are graduating with significantly higher general collegiate skills than when they first arrived.

But is Daniels' quest redundant? After all, is not receipt of a college degree intended to serve as sufficient proof that the graduating college student has gained what is needed regarding critical thinking, complex reasoning, and writing skills?

Alas, a landmark national study released in 2011 raises serious doubts whether a college degree is always a sufficient indicator of successful student learning.

That study was released under the title *Academically Adrift: Limited Learning on College Campuses*.

Mitch Daniels keeps a copy of *Academically Adrift* on the shelf in his Purdue office.

This author reviewed *Academically Adrift* in 2012. The following subsection summarizes this author's evaluation of the book that is driving Daniels' efforts to measure student learning at Purdue.

Setting Collegiate Learning Adrift: The Decline in Institutional Concern over Undergraduate Teaching

Academically Adrift begins with the quote cited above from former Harvard President Derek Bok according to whom too many students graduate college today "without being able to write well enough to satisfy their employers… reason clearly or perform competently in analyzing complex, non-technical problems" (Arum and Roksa, 8). *Adrift* validates Bok's observation through its longitudinal study of over 2,300 students from colleges and universities across the country. Employing the CLA, *Adrift* finds that 45 percent of students show "no statistically significant gains" in "general collegiate skills"—critical thinking, complex reasoning, and writing skills—after two full years in college (Arum and Roksa, 36). After four years, 36 percent continue to show only small or empirically nonexistent gains.

In an effort to illuminate possible factors at play in the current state of higher learning, Arum and Roksa survey its "historical, social, and institutional context" (2). They begin with the "emerging empirical evidence that suggests that college students' academic effort has dramatically declined in recent decades" (3). Whereas full-time college students in the early 1960s spent "roughly 40 hours per week in academic pursuits (i.e., combined studying and class time)," today's students spend only 27 hours per week on academic activities—"that is, less than a typical high school student spends at school." To sharpen the point: A study by Babcock and Marks finds that in 1961, 67 percent of college students reported studying more than 20 hours per week. Today, a mere 20 percent report the same. Compositional changes cannot be used to explain this decline: Babcock and Marks find that "[s]tudy time fell for students from all demographic subgroups, within race, gender, ability and family background, overall and within major, for students who worked in college and for those who did not, and at four-year colleges of every type, size, degree structure and level of selectivity" (Arum and Roksa, 4).

Moreover, and shockingly, the decline in study hours has not resulted in an expected decline in grades awarded today. To the contrary. A study by Stuart Rojstaczer, a former Duke geophysics professor, and Christopher Healy, a computer science professor at Furman University, looked at the grades awarded over the past several decades by more than 200

colleges and universities. They found that the proportion of "A grades awarded has skyrocketed over the years. …Most recently, about 43 percent of all letter grades given were A's, an increase of 28 percentage points since 1960 and 12 percentage points since 1988. The distribution of B's has stayed relatively constant; the growing share of A's instead comes at the expense of a shrinking share of C's, D's and F's. In fact, only about 10 percent of grades awarded are D's and F's" (Rampell).[1]

Rojstaczer and Healy's analysis leads them to a disquieting conclusion: "When college students perceive that the average grade in a class will be an A, they do not try to excel. It is likely that the decline in student study hours, student engagement, and literacy are partly the result of diminished academic expectations" (Rampell).

Some of higher education's critics read Rojstaczer and Healy's study to suggest that American higher education has gone the way of the fictional "Lake Wobegon…where all the children are above average."

How are students able to study less and yet receive higher grades? *Adrift* cites the research of George Kuh, who holds that a "disengagement compact" has been struck between students and faculty generally. This compact consists in the following:

> 'I'll leave you alone if you leave me alone.' That is, I won't make you work too hard (read a lot, write a lot) so that I won't have to grade as many papers or explain why you are not performing well. The existence of this bargain is suggested by the fact that at a relatively low level of effort, many students get decent grades—B's and sometimes better. There seems to be a breakdown of shared responsibility for learning—on the part of faculty members who allow students to get by with far less than maximum effort, and on the part of students who are not taking full advantage of the resources institutions provide (*Adrift*, 5).

In discussing the responsibility which faculty bears for this state of affairs, Arum and Roksa acknowledge the fact that the percentage of full-time faculty in degree-granting schools fell from 78 percent in 1970 to 52 percent by 2005 (6). In addition, citing the work of Jencks and Riesman, faculty generally today are expected "to focus on producing scholarship rather than simply concentrating on teaching and institutional service." Add to this the work of Ernest Boyer, who finds that "21 percent of faculty in 1969 strongly agreed with the statement that 'in my department it is difficult for a person to achieve tenure if he or she does not publish.'" Twenty years later, the number of professors agreeing with this statement had doubled, to 42 percent (Boyer, 12). Moreover, Boyer finds especially troubling the fact that this research-over-teaching agenda has "spread widely beyond the research university to a much larger set of otherwise institutionally diverse four-year colleges" (7). Massy and Zemsky refer to this teaching-undermining process as the "academic ratchet": "Even when most faculty use their time to meet professional and institutional obligations, the academic ratchet still shifts output from undergraduate education toward research, scholarship, professional service, and similar activities—a process that we have termed 'output creep.'"

Drifting Away From the CLA Through "Paralysis by Analysis"?

In October of 2013, Purdue's Student Growth Task Force recommended using what is labeled the "Collegiate Learning Assessment Plus" (CLA+), at a cost of $35 per test, to be provided by the Council for Aid to Education. CLA+ measures collegiate increases in critical thinking. According to the Council for Aid to Education, 169 institutions, including the University of Texas and the University of California systems, employed the CLA+ in the 2013-14 academic year.

1 Catherine Rampell, "A History of College Grade Inflation," *New York Times*, July 14, 2011. Rojstaczer and Healy have updated their grade inflation survey: Now, A's compose 45 percent of all collegiate grades given nationwide. A's and B's together now compose 75 percent of all grades.

Rampell's article goes on to note:

...[P]rivate colleges and universities are by far the biggest offenders on grade inflation, even when you compare private schools to equally selective public schools.

By the end of the last decade, A's and B's represented 73 percent of all grades awarded at public schools, and 86 percent of all grades awarded at private schools, according to the database compiled by Mr. Rojstaczer and Mr. Healy. (Mr. Rojstaczer is a former Duke geophysics professor, and Mr. Healy is a computer science professor at Furman University.)

Southern schools have also been less generous with their grading than institutions in other geographic regions, and schools that focus on science and engineering tend to be stingier with their A's than liberal arts schools of equal selectivity.

...[T]he researchers argue that grade inflation began picking [up] in the 1960s and 1970s probably because professors were reluctant to give students D's and F's. After all, poor grades could land young men in Vietnam.

They then attribute the rapid rise in grade inflation in the last couple of decades to a more "consumer-based approach" to education, which they say "has created both external and internal incentives for the faculty to grade more generously." More generous grading can produce better instructor reviews, for example, and can help students be more competitive candidates for graduate schools and the job market.

The authors argue that grading standards may become even looser in the coming years, making it increasingly more difficult for graduate schools and employers to distinguish between excellent, good and mediocre students.

In May 2014, William Bennett, former U.S. secretary of education and co-author of "Is College Worth It?," took to the pages of *Forbes* "to tout the CLA+ as a good starting point to tie federal funding to improved student academic outcomes on American campuses." Daniels adds that, "In this area, we would hardly be in front. There are scores of schools doing this. I'm indifferent to what measuring tool we use or how we use it. That's an absolute classic question for the faculty to decide. …But this should not become one of those paralysis-by-analysis, permanent procrastination exercises."

In an effort to reduce faculty anxiety over the proposed move to the Collegiate Learning Assessment Plus, Daniels stated that the administration was "not interested in delving into which discipline or which college or even which course produces better students. You just want to know, as an institution, are we enabling students who come in to collectively learn and grow and refine these basic skills? That's all."

Nevertheless, it appears that Daniels' initiative has been put on hold. At this writing, there is no public information available suggesting that Purdue University has gone ahead with the plan to measure its students' intellectual progress while in college.

Apparently, the "clash of philosophies" continues on this question.

Recommendations

In light of Purdue University's successful cost-cutting measures, as detailed above, the Texas Legislature, as well as each Texas public university system board of trustees, should explore the viability of each of the following policies.

1. Reduce the cost of room and board expenses for their students (see subsection above for details).

2. Reduce the costs of textbooks for their students (see Subsection above for details).

3. Establish aggressive counseling of students about the extent and terms of their loan debt (see subsection above for details).

4. Conduct a study of the feasibility of establishing Income Share Agreements for their students (see Subsection above as well as Appendix A for details).

5. Establish three-year college degrees in the liberal arts (see subsection above as well as Appendix B for details).

6. Test learning outcomes of all Texas public university students.

   To be accountable for its education quality, every Texas public university should administer the Collegiate Learning Assessment (CLA) or a comparable testing instrument, such as the Collegiate Assessment of Academic Proficiency (CAAP), which is required by all of South Dakota's public colleges and universities. Per the order of the state's board of regents, every South Dakota public college and university student takes the CAAP.

   Full transparency regarding student learning would break down each institution's CLA scores along the lines of schools, departments, and majors, and would provide comparisons with all other schools.

   Also beneficial in this regard would be for all universities to include on all student transcripts not only the grade the student received for each class, but also the average grade that the professor awarded each class. This would tell prospective employers whether or not a given student's high grade point average was the product of truly exceptional work or that of enrolling in a majority of what the past generation labeled "gut" courses, and today's students call "Mick" (for Mickey Mouse) courses.

   It should be noted that there is a correlation between grade inflation and graduation rates. Institutions with significant grade inflation have higher six-year graduation rates. This constitutes a warning against undue emphasis on "performance-based funding" that focuses on and rewards increasing graduation rates alone.

   All of this information should be accessible online at the website of every Texas public university.

7. Reduce the size and expense of university administration to alleviate upward pressure on tuition.

   Although President Daniels has commented on his reductions in the cost of Purdue's administrative budget, public information on what exactly was cut in the school's administrative budget, and how, is more difficult to find at this time.

   No matter, for there is ample research available elsewhere that indicates the propriety of looking to administrative budgets in an effort to restore the affordability of public education, for increased administrative staffing raises the price of college. "Forty years ago," reports Benjamin Ginsberg, "U.S. colleges employed more faculty than administrators. But today, teachers make up less than half of college employees." As documented in Ginsberg's 2011 book *The Fall of the Faculty: The Rise of the All-Administrative University and Why It Mat-*

ters, "forty years ago, the efforts of 446,830 professors were supported by 268,952 administrators and staff. Since then, the number of full-time professors increased slightly more than 50 percent, while the number of administrators and administrative staffers increased 85 percent and 240 percent, respectively."

Adjusting for inflation, from 1947 to 1995, "overall university spending increased 148 percent. Administrative spending, though, increased by a whopping 235 percent. Instructional spending, by contrast, increased only 128 percent, 20 points less than the overall rate of spending increase." Senior administrators have done particularly well under the new regime. From 1998 to 2003, deans and vice presidents saw their salaries increase as much as 50 percent, and "by 2007, the median salary paid to a president of a doctoral degree-granting institution was $325,000" (Ginsberg). ✯

Appendix A

Income Share Agreements (ISAs)

FAQ about Back a Boiler – ISA Fund

Background Information

Purdue University's mission is to provide students with a higher education at the highest proven value. The University and the Purdue Research Foundation always seek ways to improve the undergraduate and post-graduate educational experience in the most affordable ways possible.

A new funding option for students who need additional financial support other than through a private or Parent PLUS loans, the Purdue Research Foundation is offering an Income Share Agreement (ISA) called Back a Boiler – ISA Fund.

Back a Boiler – ISA Fund is available to Purdue's rising Sophomore, Junior and Senior level students enrolled at Purdue West Lafayette campus for the fall, spring and summer academic sessions. Students, parents and/or guardians who may have questions about the program, are interested in learning more, or who wish to apply may go to purdue.vemo.com where they can set up a login account or call the Purdue Division of Financial Aid at 765-494-5050 or email BackaBoilerinfo@prf.org.

FAQ about Back a Boiler — ISA Fund

Q: What is an ISA?

In general terms, an Income Share Agreement (ISA) is a contractual agreement in which a student receives education funding in exchange for an agreed upon percentage of post-graduation income over a defined number of years.

Q: Why is Purdue Research Foundation offering an ISA?

Purdue Research Foundation has established the Back a Boiler – ISA Fund to provide another choice of funding options for students that could reduce debt and financial risk for graduating students.

Purdue University and Purdue Research Foundation are focused on student-centric communication and will conduct the ISA with transparency and openness with a priority on helping students pay for their academic education that best suits their particular needs.

Q: Is the Back a Boiler – ISA Fund meant to replace student loans?

The program does not replace government-subsidized student loans, but does offer students another option to pay for their education should they need additional resources or favor a more income-flexible funding alternative. An ISA could be a good alternative to private student loans and Parent PLUS Loans. Click Comparison Tool to see how the Back a Boiler - ISA Fund compares with private student loans and Parent PLUS Loans.

Q: How would an ISA impact my other financial aid?

The ISA would be treated the same way as private loans. The maximum would be your Cost of Attendance minus other financial assistance. Grants, scholarships, and other-need based aid would not be reduced by the ISA.

Purdue Research Foundation has established the Back a Boiler – ISA Fund to provide another choice of funding options for students that could reduce debt and financial risk for graduating students.

Q: What are the benefits to students?

ISAs offer students an alternative to debt: debt creates substantial risks to students if they cannot afford their payments during and after college, whereas ISA payments adjust according to levels of income. In addition, there will be a minimum income threshold and a maximum payment cap, so students who use the program will not pay if they do not meet a minimum income level, while those who earn a substantial amount of income will not pay above a certain maximum amount.

Q: Am I required to fully pay the money that was given to me under the ISA?

An ISA recipient is simply required to pay the agreed upon percentage of post-graduation income for the prescribed term of the contract. After making successful payments over that term, no additional payments are required even if they have paid less than the amount of funding they received.

Q: May I repay my ISA early?

The ISA may be prepaid by paying 2.5 times the amount of initial funding for the ISA.

Q: Will the amount I am responsible to repay grow through interest expense until I begin making payments or by my occasional underpayment?

One of the ways that an ISA differs from a traditional loan is that students aren't accruing interest on the total amount funded, however most individuals in the program will pay more than the principal borrowed. The amount you are required to pay (Income Share multiplied by earned income) will only grow due to the growth rate of the amount of the income your earn, but the income share level percentage will not change over the course of the ISA.

Q: What are the risks to students?

The amount of payment is based on income, so if a student commits to an ISA and earns a high income after graduation they may pay more to the fund than they would have with conventional debt. However, Purdue Research Foundation caps the total amount paid at 2.5 times the amount received. To see how the Back a Boiler - ISA Fund compares with private student loans and Parent PLUS Loans, click Comparison Tool.

Q: What is the cap on total ISA payments?

Once payments have been made equal to 2.5 times the amount of initial funding for the ISA, no more payments are required.

Q: How much funding is available for individual students?

Individual funding amounts may vary depending on each student's particular case. Students may receive up to 15 percent of their expected annual income. Students should talk with a financial aid adviser or call the Purdue Division of Financial Aid at 765-494-5050 for more information.

Q: How will students know if an ISA is a good option for them?

ISAs are among many options that are available for education funding. Students, parents and/or guardians should research which options work best for their individual situations. Students can visit the Comparison Tool to compare an ISA to other funding options.

Q: What types of payment terms will be offered for students?

Exact terms will vary by student, but the term length and percentage are set to be competitive with current education finance options such as private student loans and Federal Parent PLUS Loans. Depending on the student's post-graduate income, the amount paid back on the ISA may be either lower or higher than the amount provided to the student.

Q: Following graduation, when does the Back a Boiler – ISA Fund payment plan take effect?

Students are afforded a six-month grace period after graduation or the commencement of employment before payments are required.

Q: Will students be required or steered toward certain types of post-graduation employment?

There are no requirements stipulating the nature or type of employment that students choose after graduating.

Q: Which Purdue students will be eligible to apply for an ISA?

The program is available to rising Sophomores, Juniors and Seniors.

Other eligibility requirements include:

- Enrollment on a full-time basis
- U.S. citizen or Permanent Resident
- 18yrs+ old at time of contract execution
- Current and anticipated financial obligations at a reasonable threshold

Q: What factors should students consider when applying for financial assistance, an ISA or educational loan program?

A student's individual education financing plan should include an assessment of all of the options available based on their individual financial situation. Click Comparison Tool to see how the Back a Boiler - ISA Fund compares with private student loans and Parent PLUS Loans. Purdue encourages any student interested in an ISA to discuss Back a Boiler - ISA Fund further with their parents and/or guardians and a financial aid adviser and consider how an ISA compares to other education financing options.

Q: How can Purdue students apply for an ISA or get more information?

For more information, visit backaboiler.org, email BackaBoilerinfo@prf.org or call the Purdue Division of Financial Aid at 765-494-5050. To apply, visit purdue.vemo.com. It is recommended that interested students discuss the Back a Boiler – ISA Fund with a financial aid advisor, parents and/or guardians before deciding if an ISA is a possible funding solution for them.

Q: What happens if I transfer or go to grad school?

While in school, whether it be Purdue or any other accredited university, your ISA will toll or be paused (similar to in-school deferment) and not be in a payment status for up to five years. Your ISA payment term will be extended by the amount of time you are in school.

Q: Can I get an ISA for more than one year? If so, how would that look in payment?

Yes, for instance, if you take one as a Sophomore you may also take one as a Junior and Senior. Each ISA is a contract on its own, so term lengths and rates may vary, but your payment will be the sum of the percentages.

Q: What if I take time off to travel or start a family?

If you voluntarily leave the work-force, your ISA will toll or be paused and not be in payment status for up to five years. Your ISA payment term will be extended by the amount of time you take off.

Q: What is the process to apply? How long does it take?

The application is available at purdue.vemo.com and can be completed online. Due to Federal disclosure laws, it will take at least a week to process.

Q: What criteria is used to deny a student's Back a Boiler application due to a negative credit event or action?

If a student has had a collection or credit action taken against them that is paid or unpaid, their application will not be approved. Examples of credit actions include garnishment, lien attachment, judgment or tax lien; bankruptcy; or unsatisfied suit or judgment.

Q: What are the minimum and maximum amounts I can take in an ISA?

A Back a Boiler – ISA Fund will start at $5,000 for students enrolled in the fall and spring academic sessions and $2,500 for summer session. The maximum depends on a student's cumulative student loans and any prior ISA obligations.

Appendix B

Purdue's Three-Year Bachelor's Degree

Frequently Asked Questions:

Why does CLA offer degrees in an accelerated format?

Degree in 3 aligns with Purdue's commitment to value in higher education. It is a simple innovation that addresses the issue of cost. The level of cost savings depends upon an individual student's circumstances. Degree in 3 offers students the opportunity to complete a bachelor's degree in three years, entering a workforce and accelerating their earning power. The Degree in 3 suggested arrangement of courses provides an option to help students envision that academic path.

Can you explain how it works?

As a student, you will declare your intent to pursue a Degree in 3 major by the end of your freshman year in order to be assured of the opportunity to enroll in the classes you need to finish in three years. You should initiate a conversation with your academic advisor in time to enroll for summer courses after your freshman year. To complete the Degree in 3, you will take a full academic load for three years in addition to completing summer classes between the first and second and second and third years of study.

If I decide I do not like the program, can I transition to a traditional four year degree program?

Yes. You are not required to complete the Degree in 3, even after declaring your intent to do so.

If I am already enrolled as a full-time student, can I apply to complete my degree in three years?

Yes. However your ability to complete the Degree in 3 may be impacted by a decision to do so late in your current plan of study. Talk with your academic advisor to see if Degree in 3 works for you.

What is the cost of a three year program? Is it cheaper than a four year degree?

The savings vary depending upon your personal situation including residency status, campus living situation, scholarships, AP credit, etc. Published tuition rates apply for all academic terms of study. You can see a general cost comparison here.

Can I apply for merit awards or scholarships as part of a three year program?

Incoming and continuing students can apply for scholarships. The College does not offer specific scholarships for students in Degree in 3 at this point in time. Individual academic units within the College may have scholarships available.

What is the impact of choosing the three year degree option on my need-based Purdue financial aid?

Most students should find the percentage of costs covered with grant money will be similar to that over four years of study. Federal loans will also be available for fall, spring, and summer terms. Keep in mind that while we can accelerate your awards, it does not change the aggregate maximums granted.

I received a University-level merit scholarship (Trustees, Presidential, Emerging Leader), what happens to my scholarship if I choose the three year option? Will I still receive the full scholarship if I graduate early?

Students in the three year program will be able to use their University-level merit scholarship during the summer. The summer disbursements will count towards 8 semesters of eligibility. A student who attends this program will still be enrolled in 8 semesters when summers are counted.

What study abroad opportunities are available for three-year students?

Opportunities vary based upon your major. Study abroad programs range from one week, to Maymester, to semester, to full year. Please ask your academic advisor to learn more.

What internship opportunities are available for three year students?

Micro-internships through the College's partnership with Parker Dewey and on-campus internships are available. An off-campus internship may be an option depending upon your specific course schedule.

Can I pursue a double major with the three year program?

A second major can be pursued, although it might not be possible to complete two majors in three years. Please consult with your academic advisor.

Can I participate in the Honors College while completing a three year degree?

Yes, you can complete both a 3 year degree and the Honors College requirements.

Do I have to live on campus all three years?

You may select the residence option of your choice.

If I choose a Degree in 3 option, can I still enroll in a learning community?

Yes. During STAR, you'll work with an academic advisor who can help tailor your plan of study around your desired learning community. CLA has several learning communities to choose from. The College is developing a learning community specifically designed for students completing their degree in 3 years for Fall 2018.

Can I apply AP or IB credits towards a three year degree?

Yes. Any credit granted by Purdue can be applied as it fits within your specific major's plan of study.

Degree in 3 Potential Savings

Based on Purdue's current rates for tuition, fees, and room and board, the following chart illustrates the potential cost savings of a three year degree for students entering in Fall 2017. Individual circumstances will vary depending upon residency, living choices, study abroad, etc. Regardless, Degree in 3 offers a unique value option for students and their families.

Four-Year Costs:	Resident	Non-Resident	International
Four years of tuition and fees	$39,968	$115,176	$123,176
Four years of room and board	$40,120	$40,120	$40,120
Total costs:	$80,088	$155,296	$163,296
Three-Year Costs:	**Resident**	**Non-Resident**	**International**
Three years of tuition and fees	$29,976	$86,382	$92,382
Three years of room and board	$30,090	$30,090	$30,090
Two summers of tuition and fees	$5,001	$14,402	$15,402
Two summers of room and board	$6,000	$6,000	$6,000
Total costs:	$71,067	$136,874	$143,874
Potential Cost Savings:	**$9,021**	**$18,422**	**$19,422**

Appendix C

Shared Governance, Briefly Explained

To clarify the references to shared governance in this section of the study, a short explanation of the term is in order: In our discussion of President Daniels' proposed purchase of Kaplan University, Jane Shaw's analysis was rehearsed in part. Shaw concludes her report with a quote from Alana Dunagan of the Christensen Institute, which is named after its founder, Clayton Christensen, whose book *The Innovator's Dilemma* popularized the term "disruptive innovation." Dunagan, writes Shaw, believes that Purdue University, through its planned purchase of Kaplan, "can innovate in distance education because of its autonomy."

However, Dunagan is unsure whether other schools can successfully copy Purdue's example. Why? "It requires a really innovative leader at the top, someone who takes personal risks," Dunagan asserts. "As a former governor, Mitch Daniels has the business expertise and the political chops to do it, but average college presidents may not be able to—even if they have the vision to see beyond the biases of higher education."

Mitch Daniels is not the only higher education leader who regards shared governance to be among the primary biases of higher education today. Consider also former Harvard President Derek Bok's take on what he deems to be the inevitable consequences of shared governance: "While (academic) leaders have considerable leverage and influence of their own, they are often reluctant to employ these assets for fear of arousing opposition from the faculty that could attract unfavorable publicity, worry potential donors, *and even threaten their jobs*" (Cited in *Academically Adrift*, 11; emphasis supplied).

What, then, is shared governance? It has been described as "a delicate balance between faculty and staff participation in planning and decision-making processes, on the one hand, and administrative accountability on the other" (Olson). Effectively, shared governance gives faculty significant power over a number of administrative decisions that, under other organizational models, would be handled by administrators alone.

Some analysts therefore worry that the outcomes this power-sharing arrangement produces are less innovation and increased resistance to needed reform. Giving faculty control over faculty-related issues such as workload, access to resources, and the hiring of additional faculty creates a conflict of interest that often leads to the promotion of faculty interests over the interests of the institution as a whole.

So argues George Leef, who cautions that faculty, "when it comes to their jobs…are very conservative. Those who have succeeded in obtaining faculty positions are not apt to want experimentation or change, unless it means more money, a lower teaching load, or other benefits for them" (Leef).

Derek Bok adds that shared governance is in part responsible for professors spending less time in the classroom. Bok identifies an increasing administrative workload for professors as a critical factor in expanding professorial workload, which in turn leads to less time for professors to carry out their most important function in the university: teaching students. "As more and more colleges and universities insist that their professors publish, and as the rapid growth of adjunct instructors reduces the number of tenured faculty charged with carrying out the same array of administrative chores, the average workweek of professors has grown longer and more crowded" (Bok 2013).

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