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Efficiency and UNC-Chapel Hill

BY HOLDEN THORP

CHAPEL HILL - When I proposed a major study that would look for ways that the University of North Carolina at Chapel Hill could be more efficient and effective, my announcement was met with skepticism on campus. I had been chancellor for less than a year, and by all accounts, things on campus were going pretty well in spite of the serious economic situation and budget cuts the likes of which we hadn't seen in many years.

So why, then, would a chancellor still on his first-year honeymoon propose such a study? And why on Earth would I commission a firm whose specialty was global business consulting?

The immediate assumption was that men in suits would visit campus a few times, crunch a few numbers, and return with recommendations for outsourcing or eliminating hundreds of jobs.

Fast forward to last week when we released to the campus the final report from Bain & Co. They are, by the way, the global business consulting firm that has spent the last few months on campus, helping us look for ways to streamline our operations and become more effective. If we could identify savings, we could redirect those savings into the academic mission.

And here's the fascinating thing -- a lot of people are actually enthusiastic about the work that Bain did. That's in large measure because we were transparent about the work that Bain was doing, and we solicited the views of hundreds of people on campus.

Interest in the Bain report has been high. Last week, we posted a summary of the report and the full report on a special budget Web site where we've been updating the campus. The report was downloaded more than 8,000 times (see: universityrelations.unc.edu/budget/).

There are two reasons why this report is so important.

First, the economic crisis isn't over. Recent projections suggest that North Carolina's unemployment rate could continue to increase for three more quarters. Implementing the recommendations described in the Bain report could help us prepare for additional cuts without affecting research and teaching. Second, public confidence in the way that universities are managed is strained. Legitimate concerns are being expressed about the growth in our administrative costs. We're proud that Carolina has been ahead of the curve in addressing these concerns this year, and this report shows that we are serious about changing the way we do business.

There are two key findings in the report. Bain's analysis indicates that the university's administrative expenses per student have grown faster -- at an annual rate of 6.6 percent from 2004 to 2008 -- than academic expenses, which grew during the same period by 4.8 percent. (Note that this is about rate of growth. This university has never spent more on administrative costs than on instruction.)

The consultants also noted that the university's complex organization leads to inefficiencies.
And while we learned from the consultants that our complexity is probably no worse than in large organizations in the private sector, we feel an even greater obligation to address it, because the public that is supporting us has so much hope in what we can do to transform the future.

The good news is that these are things that we can fix. I place a lot of emphasis on the importance of this work, especially because of the budget constraints and public scrutiny we face now.

The really hard work is ahead of us. I’ve asked Joe Templeton, a longtime faculty member and former chair of the faculty, to help lead our response to the Bain report. We’re also fortunate that Bain has committed to come back to campus for a pro bono follow-up engagement to help us measure how well we’ve done. We’ll make the results of their follow-up public so that we can be held accountable for addressing the recommendations.

Most people don’t become chancellors to work on procurement, performance management and enterprise resource planning. But I’m downright excited about these topics now. And I sure am glad we started this study last fall: we owe it to higher education and the people of North Carolina to get this right.

Holden Thorp is chancellor of UNC-Chapel Hill.

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Union Accepts Furloughs at California Universities

By THE ASSOCIATED PRESS

SAN FRANCISCO (AP) — A union that represents 22,000 faculty members at California State University has agreed to two furlough days a month to help close a huge budget deficit at the 23-campus system, officials said Friday.

Members of the union, the California Faculty Association, voted for the furloughs, which amount to a 10 percent pay cut, over the coming academic year. The move was approved by 54 percent of 8,800 union members.

“It was an agonizing decision,” said Lillian Taiz, head of the union and a history professor at California State University, Los Angeles. Many faculty members “made this sacrifice for the good of their colleagues and the good of the university.”

The union also approved a vote of no confidence in Chancellor Charles B. Reed’s leadership of the system, the nation’s largest four-year university system, with 450,000 students.

Union officials are still negotiating with system officials about how to carry out the furloughs, which are likely to result in fewer teaching days or administrative duties for faculty members, said John Travis, a professor who is chairman of the union’s bargaining committee.

The chancellor has called for nearly all of the system’s 47,000 employees to take unpaid leave two days a month as part of a plan to address a $584 million budget deficit caused by a 20 percent reduction in state financing. The furloughs could save up to $275 million. Security personnel would be exempt.

The California State University Employees Union, which represents 16,000 nonacademic employees, approved a furlough agreement earlier last week.

System officials welcomed the news that faculty members would join in the furloughs.

“Furloughs will help us maintain as many jobs as we can and also help preserve employee benefits,” said a spokeswoman, Claudia Keith.

The vote of no confidence, approved by 79 percent of union members who cast ballots, does not call for any action against Mr. Reed, but “it does send a very strong signal that the faculty is really fed up with his leadership,” Ms. Taiz said.

System officials said faculty members’ frustrations should be directed toward state policy makers who have voted to cut financing to California’s universities.

To address its budget deficit, the system is also reducing enrollment by 40,000 students and raising fees.
Do Law Schools Report Their Data Honestly?
July 23, 2009 06:04 PM ET | Robert Morse | Permanent Link |

Just how honest are law schools when they report their data to U.S. News for our 2010 Best Law Schools rankings? Each year, we ask law schools to report the same data to us that they report on the American Bar Association's annual accreditation questionnaire. It turns out the schools are pretty reliable in their data reporting. (Of course, there were some notable exceptions and data errors that I have written about in my blog: Updates to Some Grad School Data and What Happened With Brooklyn Law School.)

The basis for this assessment comes from a study by Tom Bell, a law professor at the Chapman University School of Law in Orange, Calif. He has just published A Model of the 2010 USN&WR Law School Rankings on his blog, Agoraphilia.

Professor Bell says of his work:

"As in every year since 2005, I this year again built a model of the law school rankings published by U.S. News & World Report. Figuring out the rankings—the '2010' rankings, as USN&WR's calls them—proved especially trying this time around. USN&WR changed several parts of its methodology this year and the ABA, which distributes statistical data on which my model depends, fell far behind its usual publication schedule. Finally, though, the model ended up generating scores gratifyingly close to those that USN&WR assigned law schools."

Here's a snapshot comparison of the results of the real U.S. News law school rankings and Bell's simulation of the U.S. News Top 100 law schools.
To what degree did Bell's model duplicate the *U.S. News* law school rankings? Bell tested its accuracy using "r-squared," a statistical test that measures how close one set of numbers is to another set. It shows that his 2010 edition rankings achieved an r-squared score of .999—in other words, his results were nearly identical to the *U.S. News* rankings for the scores of those schools in the Best Law Schools' Top 100.

The fact that Professor Bell was able to duplicate our methodology and outcomes using data collected from a different source proves that the *U.S. News* rankings process is very transparent and accurate.

Professor Bell concludes:

"For now, I'll just offer this happy observation: The close fit between USN&WR's scores and the model's scores suggests that law schools did not try game the rankings by telling USN&WR one thing and the ABA (the source of much of the data used in my model) another. Even a skeptic of law school rankings can find something to like in that."

**Tags:** law school | rankings

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The Hidden Costs of College Really Add Up

Keeping track of extra costs such as parking fees and copy machines can make college more affordable

By Kimberly Palmer
Posted July 21, 2009

Forget the meal plan and new computer—those costs pale in comparison with the unexpected expenses that add up each month, from vitamins to \textit{stave off} exam-season colds to formalwear for the next big Saturday night soiree.

Here are 16 often-overlooked items that you might want to budget for, along with their estimated costs:

\textbf{Storage containers:} Not only do students haul all of their worldly possessions to and from school each year, but their dorm rooms often have skimpy dressers and closets. Plastic drawers that stack or slide under beds can mean the difference between total chaos and a reasonably organized wardrobe. Hooks, coat racks, and laundry baskets also help. ($250, the Container Store)

\textbf{Gym membership:} Many colleges and universities include the cost of gym membership in tuition, but some schools, such as Michigan State and Penn, charge for gym access. Even at other schools, students usually pay extra for yoga, dance, and \textit{exercise} classes that help fight off the "freshman 15." ($80 per semester, Michigan State)

\textbf{Parking and car registration fees:} As more students look at schools closer to home, a growing number will also be driving to campus, both for the semester and for the day. Car registration fees can cost a couple of hundred dollars per semester; street parking, gas, maintenance, and insurance can add even more. ($247 per semester for students who live
on campus and $128 for commuters, University of Maryland)

**The latest iPod incarnation:** Students use iPods while they walk to class, study in a crowded library, and fall asleep in noisy dorm rooms. Whether you spring for the flashy iPod Touch or simpler Shuffle, you'll probably find a way to get those white buds in your ears. ($229, iPod Touch)

**School pride gear:** Cheering for the UCLA Bruins, Kansas Jayhawks, or Ohio Bobcats often requires T-shirts, banners, and other gear emblazoned with the school mascot. ($80, Jayhawk hat and matching pullover jacket)

**Formalwear:** Typical Saturday night going-out clothes vary by region, but almost all schools host a handful of formal occasions each year, ranging from casino nights to Greek events to old-fashioned dances. With party dresses and suits going for upwards of $100, that's no cheap date night. ($180, silk chiffon Juliet dress from J. Crew)

**Sleeping gear:** Getting a full night's rest in a dorm with a roommate who likes to stay on Facebook all night isn't easy, but with an eye mask and earplugs it becomes a little more manageable. ($17.70, Magellan's Lights Out Sleep Mask and earplugs)

**Flu-fighting vitamins:** Close living quarters combined with all-nighters, a poor diet, and stress can lead to lingering coughs and runny noses. A daily vitamin can boost the body's immune system and help students get all the nutrients they may be missing at the dining hall. ($13.99 for 180 Centrum Complete Multivitamin Tablets)

**Pharmaceuticals:** In case the vitamins don't stave off every infection, students will need to head to the pharmacy to fight off any lingering illnesses. And while student health centers often see students for little or no charge (after the mandatory annual fees), over-the-counter treatments can add up. ($30, cold medicine tablets, cough suppressant, and cough drops)

**Entertainment:** Even if your housing fee covers cable, you probably will still want to stay in for the occasional movie night (especially if you're recovering from that cold). In some cases, students spring for more complex diversions, such as the Nintendo Wii. ($13.99 per month for two DVDs a month from Netflix; $250 for Nintendo Wii)
**Alone time:** Getting away for some peace and quiet after nights of fun and days of crowded libraries can mean as little as a few hours at the local coffee shop, but the effect on your state of mind will be priceless. ($3, tall latte at Starbucks)

**Visiting friends:** If you thought your college tour ended with an admissions letter, think again. You'll probably want to stay in touch with high school friends who attend nearby schools, so plan for weekends of catch-up. ($64, round-trip Greyhound bus fare from Austin to Dallas)

**Paper costs:** Sure, having all your papers on your laptop is saving trees. But professors often ask students to copy hundreds of pages of on-reserve materials, where the charge can range from 5 to 15 cents per page. ($24 for 300 pages at Arizona State libraries)

**Food storage:** Meal plans usually fail to satiate students' every hunger, which is why many decide to rent a small fridge each semester. That way, they can satisfy late-night cravings without ordering pizza. ($140 per year, refrigerator plus microwave rental at William & Mary through QPS Marketing)

**Extra food:** To fill that fridge and fund the occasional Friday night burrito with friends, students often report needing money for extras to round out their campus meal plans. ($100 per month, based on student reports)

**Escapes:** With long vacations and class schedules that leave room for three- (or four-) day weekends, students often squeeze in as much travel as possible before entering the working world. And sometimes you just need to get away. ($515, starting student price quoted this summer for a round-trip ticket to Australia from STA Travel)

**Tags:** paying for college
10 Tips for Getting More Financial Aid
Schools are approving a record number of appeals and giving more aid

By Kim Clark
Posted June 16, 2009

During the boom years, the nation's college financial aid officers used to swap tales about trivial, selfish appeals for more aid that students and parents occasionally filed, like the father who wanted more grants for his daughter because he'd just spent $25,000 on another daughter's wedding and the mother who demanded more scholarships for her child so the mother could spend her savings on a cruise.

Not this year. Colleges say they are being flooded with all-too-serious appeals for additional aid. And many colleges say they are scraping together extra grants or scholarships for the vast majority of appealers who can document a decline in income or an increase in expenses. But financial aid offices warn anyone with hidden income not to assume that appeals are risk-free: Appealers whose tax and other documents show that they falsified aid applications can lose all their aid and be fined or even sent to prison.

Mary Smith-Hammond, who retired from her job as a financial aid officer for the University of California-Berkeley in 2007, was called back this year to help with a big jump in appeals. She estimates that she has approved more aid for about 85 percent of the appeals she has processed so far, up from a historical average of about 50 percent. "The unemployment rate wasn't as high back then. And we had different standards," she says. Smith-Hammond, who long ago denied the appeal from the mother who wanted to save her money for a cruise, says she is even approving appeals for students whose parents last year reported incomes of about
What They Do When You Ask for More $400,000 but this year are collecting unemployment insurance. "Their stocks are gone, their 401(k) is gone. They may only keep their house for another year," she says. Some have seen their industries get wiped out, reducing the chances they'll find another high-paying job. "I have not seen an appeal that was frivolous" yet this year, Smith-Hammond says.

Normally, colleges award financial aid for each academic year based on a family's financial situation in the previous year, as reported by the family on the Free Application for Federal Student Aid. But the U.S. Department of Education this spring asked colleges to help those whose parents have lost their jobs or suffered a pay cut in 2009 by estimating a family's need for aid based on this year's lower income instead. Aid officers are also taking into account expenses that aren't reported on the FAFSA, such as medical bills.

Students or parents who feel they have a real need for extra aid will have more luck if they follow these Dos and Don'ts suggested by Smith-Hammond and several other veteran aid officers.

**Do:**

- Make sure you've filed all the necessary aid applications. If you haven't done so already, fill out the FAFSA. If your college is one of the 300 or so that also requires the College Board's CSS/Financial Aid Profile, fill that out as well. If you have filed the aid applications, check them to make sure they accurately represent last year's finances.

- Check your college's financial aid Web page. Some have instructions or forms for filing an appeal. If you don't see any instructions, call the office and ask for help.

- Send a letter to your college's financial aid office asking for a "professional judgment" review of your award. Give specific reasons why you need more aid. "Give actual numbers. Don't just say, 'My medical expenses are high,'" explains Patricia Williams, director of financial aid at McDaniel College in Westminster, Md. "Detail what the medical costs are, how much insurance paid, and how much you paid. We work with formulas that require real numbers."
• Provide documentation for your claims, such as copies of W-2s, tax forms, hospital bills, and the like.

• Send the appeal and documentation as soon as possible. Some aid is first come, first served. "When the money has been committed, the school may not be able to offer (latecomers) any assistance," says Pat Watkins, director of financial aid for Eckerd College in St. Petersburg, Fla.

**Don't:**

• Lie or shade the truth. Most aid officers demand lots of corroborating evidence, and they scrutinize it. And the government can take back your aid, fine you, and even send you to prison for lying on the FAFSA.

• Let shame, embarrassment, or ego stop you from filing a legitimate appeal. You've got lots of company right now, notes Smith-Hammond. "It is your right. You are a taxpayer. You need help, and we are here to help you," she adds.

• Demand grants to replace student federally backed Stafford and Perkins loans or earnings from a work-study job. Although a handful of schools are promising enough grants to allow low-income students to graduate debt-free, the vast majority of schools can't afford to give out that much aid. "The basic premise of financial aid is that the student and family will do all they can first. Taking out loans is how the student does his or her part," McDaniel's Williams says.

• Expect a bankruptcy filing to guarantee you more aid. Since bankruptcy typically wipes out debts, colleges may conclude that you now have more money to spend on tuition, notes Eckerd's Watkins.

• Have your appeal filed by your accountant. Financial aid officers say the most persuasive appeals are filed by students themselves. Letters from parents also are often rewarded. If you can still afford to pay an accountant big bucks, aid officers may suspect you can afford more tuition, too.

**Related stories**

• What college aid officers do when you ask for more
How Much Money Should I Borrow for College?

By Kim Clark
Posted June 9, 2009

Thousands of college students have borrowed too much and doomed themselves to lives of big bills and collectors’ calls. But thousands, perhaps millions, of other Americans have been so scared of debt that they’ve avoided or quit college altogether and likewise doomed themselves to financial struggles. The research is clear: A bachelor’s degree, while no guarantee of success, is often a credential needed to win a good job, a raise, a promotion, or even employer-provided health insurance.

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The answer then, most financial analysts say, is for students who can find no other way to pay for college to take out modest student loans—no more than $5,000 a year, say—while also cutting costs and working part time (no more than 15 hours a week during the school year) to limit the need for cash. The average recent college graduate with debt owes a total of $21,000, which analysts say should be payable for most of them.

But what if students cut their costs, work, and borrow modestly, and they still need more? How much more can they borrow without ruining their lives?

Finance experts say there are a couple of good rules of thumb:

**Start with the feds:** One way to keep a reasonable ceiling on educational debt is to stick solely with the federal Stafford or Perkins student loans—and avoid any private, bank, or credit card debt altogether. Starting in July, the government will let students cap their payments on federal education loans below 15 percent of their income.
Most students are allowed to borrow up to $31,000 in Stafford loans to fund their undergraduate degrees. Adult students and those whose parents have been rejected for parent loans can borrow up to $57,000. But beware: For those who get "unsubsidized" Stafford loans, the interest builds up while the student is in college. That means someone who borrows the maximum $31,000 and takes the average five years to graduate will actually ending up owing more like $37,000 by the time the first bill comes due.

Greg McBride, a senior financial analyst for Bankrate.com, says that's more than enough debt for typical college graduates. McBride warns students who feel they need to borrow more than the federal maximum against the temptations of credit cards and private loans, which charge much higher interest rates. The better strategy, he believes, is to cut expenses and, if necessary, switch to a cheaper school. Those who attend less expensive schools for their bachelor's can borrow more to fund graduate school, which generally provides a more dramatic earnings boost, he notes.

**Match your income:** The one-size-fits-all federal limits aren't right for everybody. Although the new income-based repayment option makes the federal loans more bearable, many—if not most—students should borrow less than the federal government maximum, says Sandy Baum, an economist who studies financial aid for the College Board.

The key, she says, is to align student debt with expected income upon graduation. That means future musicians, for example, would be wise to borrow less than, say, future engineers. (Future teachers and other public servants might have more flexibility because they might qualify for some loan forgiveness.)

Baum recommends that students, on average, keep their debt low enough that they don't have to spend more than 10 percent of their post-graduation pretax income on student loan bills. Of course, students who are on track to earn big bucks (as computer scientists, for example) can afford to borrow a little more.

Students can estimate future payments on Web calculators. Remember to multiply a freshman year's debt by five, since it takes the average college student five years to earn a degree.

Another rule of thumb that experts such as McBride and Baum often suggest: Cap total
student debt below the first year's expected salary, which means borrowing less than one fifth of that amount each school year.

The problem with rules like these is that students aren't majoring in fortunetelling. How the heck are they supposed to know how much they will earn upon graduation? Luckily, there are several fast and easy ways for students to get reasonably good estimates of what students can expect to earn and afford.

A brand-new Human Capital Score calculator takes less than three minutes and spits out a range of salaries students can expect *U.S. News* tests found it to be reasonably accurate, though the salary ranges were sometimes uselessly broad. The Human Capital Score predicts that an incoming Michigan State University freshman humanities major with a 3.3 high school grade-point average will earn anywhere from $27,000 to $43,000 after graduating in 2013. It also predicts that the student will earn anywhere from $62,000 to $119,000 10 years after graduating. Liberal arts majors (like me) might want to play it safe and stick with the bottom of the ranges. The minimum annual salary the calculator estimated for my first year out of school, $12,236, was actually $236 too high.

The federal government also has vast databases of earnings statistics. The Census Bureau, for example, says that on average, people with a bachelor's degree who were in their young 20s made almost $26,000 in 2007. But those who worked full time for the whole year earned slightly more than $35,000.

The National Association of Colleges and Employers publishes a starting salary survey each spring. But because the survey is dominated by those with business and technical degrees, the salaries tend to be high. Computer science majors, for example, reported getting offers topping $61,000 a year. And chemical engineers reported starting offers topping $65,000. The full NACE survey isn't free on the Web but is generally available free at college career centers.

There also are several free tools on the Web, such as the ones at Glassdoor.com or this one at usnews.com, that will allow students to check out entry-level or first-year salaries by job title, location, and—in some cases—employer.

Of course, all these tools and rules of thumb assume new graduates will find paying jobs.
That's been a challenge for the class of 2009. The NACE says just 20 percent of 2009 graduating seniors had a job in hand on commencement day, half the rate enjoyed by the class of 2007. While new graduates typically get a several-month grace period before their loan bills arrive, many are probably wishing now that they hadn't borrowed a penny.

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