

## PANEL 1: ECONOMIC DEVELOPMENT & INNOVATION

# Public Higher Education and the Monterey Bay Economy

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California State University  
**MONTEREY BAY**  
Extraordinary Opportunity



# Higher Education = Big Business

We all know that universities such as Stanford and UCLA have massive budgets, engage in national advertising, and are worldwide brands.

For example:

Stanford's annual budget of \$3.5 billion is almost as large as the agriculture revenues of Monterey County.

# Higher Education = Big Business

But all things are relative, as Stanford is the locus of Silicon Valley...so what kind of economic impact does higher education have in our region?

As it turns out...the Silicon Valley has several \$50+B companies and the Monterey Bay has none.

So Monterey Bay Public Higher Ed spending is relatively...

**Larger!**

# Higher Education = Big Business

## How Big?

- Combined annual budgets of Monterey Bay based public higher education = \$1.5+ Billion
- + Multiplier effects (2X) of public higher ed. expenditures
- + Avg. student expenditures of \$150/mo.

= \$4 Billion.

# Show me the Money!

## UCSC

Annual Budget of \$635 Million

10,000+ employees (largest employer in Santa Cruz County, by 400+%)

2012 Enrollment

15,978 undergraduates 1,426 graduate students

Degrees Conferred

	BA/BS	MA/MS	PhD
• 2009-10	3,008	268	149
• 2010-11	3,654	330	149

# Show me the Money!

## CSUMB

Annual Budget of \$100+M

1668 Employees

2012 Enrollment

5,183 undergraduate students

426 graduate students

Degrees Conferred

	BA/BS	MA/MS/MBA
2010-11	717	91
2011-12	884	127

# Show me the Money!

## Cabrillo College

Annual budget of \$60M      944 Employees

2012 Enrollment = 15,000 students (10,600 FTES)

## Monterey Peninsula College

Annual Budget of \$62 M      620 Employees

2011 Enrollment = 12,000 students (6805 FTES)

## Hartnell College

Annual Budget of \$60M      536 employees

Annual enrollment = 15,000 enrollment (6,855 FTES)

# Show me the Money!

## Naval Postgraduate School

Annual Budget of \$380 Million

1,000+ employees

Annual Enrollment = 1550 Graduate Students

## Defense Language Institute

Annual Budget of \$275 Million

Annual Enrollment 3,500 (rolling average)

2000+ employees

*(I know, we always forget these are public institutions)*



# Why does this matter?

- Very large direct economic impact
- Theoretical secondary impact

Universities and colleges as economic engines  
of commerce and innovation

# Higher Ed. = Economic Engine

Proven Formula (Silicon Valley, Rte. 128, Research Triangle)

But all of these areas have renowned research universities as the locus of innovation.

We do too...sort of. (UCSC's genomics, game design, & marine science programs)

Is there a role for all higher education institutions in this formula? Can this type of success be engineered ?

Yes...but,

# Higher Ed. = Economic Engine

Institutional Type

Institutional Logic

Institutional Programs

Institutional Leadership

Public Support

Private Financing

Public Mandate

# Higher Ed. = Economic Engine

## Public Postsecondary Institutional Types

- Research Universities (BA/BS, Masters, PhD)
- Comprehensive Universities (BA/BS, Masters)
- Undergraduate Colleges (BA/BS)
- Community Colleges (AA/AS, Certificates)
- Military Postsecondary Institutions (BA/BS, Masters, PhD, Certificates)

# Higher Ed. = Economic Engine

## Institutional Logic of Research Universities

Research for the sake of research

Diversity of programs, curricula & research

Research = Reputation (Ranking systems)

Research = Job security (tenure)

Research = Funding (less true today)

Funding, Funding, Funding

# Higher Ed. = Economic Engine

## Institutional Logic of Comprehensive Universities

More Teaching but still Research (Rankings)

Research = Job security (tenure)

Diversity of programs, curricula & research

Type of Postgraduate Programs (e.g. Law, Business)

Admissions Selectivity (Rankings)

Reputation & Relationship with private sector

Funding, Funding, Funding

# Higher Ed. = Economic Engine

## Institutional Logic of Community Colleges

Manage relationship with community (particularly in CA)

Manage the masses (no TAs, Instructor course-load)

Multiple missions: Transfer prep, vocational, remediation

Keep them enrolled = funding

Degree/certificate attainment and/or transfer (<25%)

Program & curricular diversity

Unions

Funding, Funding, Funding

# Higher Ed. = Economic Engine

## California Higher Ed System Logic

- UC – Elite research universities, only schools to grant PhD Degrees (Top 10% of California HS Grads)
- CSU – Comprehensive universities, more vocational & professional education, highest degree Masters, but recently given limited ED granting (Next 20% of CA HS Grads)
- CCC – Remediation, Vocational Ed. & Transfer Prep. for UC/CSU junior year transfer. (last 70% of CA HS grads)

*But the 1960 CA master plan for higher education is broken and outdated. It was intended to be modified every 5 years, but hasn't changed in 50 years. Admissions are down, transfer numbers are down, several CCC institutions (CCSF, Hartnell) are in accreditation trouble.*



# Higher Ed. = Economic Engine

## Institutional Logic of Military Postsecondary Institutions

Research = Reputation (postgraduate specific)

Promote efficacy of topic specific learning

Maintain military discipline (NPS, anyone?)

Pursue private sector accreditation/validation

Achieve high levels of program completion

Funding, Funding, Funding

# Higher Ed. = Economic Engine

## Optimal Institutional Programs

### General Programs – Undergraduate & Graduate

Engineering, Physical Sciences, Mathematics, Computer Science, Economics, Business (Postgraduate)

### Region Specific Programs

Marine Sciences, Forestry, Viticulture, Agriculture

# Higher Ed. = Economic Engine

But it's important to note that regional economic development and innovation are not in any of the preceding institutional or system logics...

How do you create conditions for economic development and innovation in public universities and colleges that have never seen that as part of their mission?

You ask.

You help.

You fund.

# Higher Ed. = Economic Engine

## Educational Leadership

Institutional change starts with leadership.

Institutional Executives

Students

Alumni

Community

Taxpayers

Elected Officials

# Higher Ed. = Economic Engine

Institutional Change = Program Review

Entrepreneurial Internships & Programs

Programs oriented towards regional assets

*Marine Science, Viticulture, Engineering, Agriculture*

Programs designed with California Master Plan in mind

*Hartnell/CSUMB 3 yr. Computer Science Program*

*Expanded CCC Nursing, Radiology, Dental Programs*

*CSUMB Business School, Engineering? ED program?*

# Higher Ed. = Economic Engine

## Institutional Change Requires Public Support

This means lending political support and business expertise, creating internships, creating scholarships, asserting responsibility for and demanding accountability from our community and reciprocally from our publicly funded colleges and universities.

# Higher Ed. = Economic Engine

## Private Funding for Innovation & Economic Development

There are plenty of avenues for funding and more developing every day. What smart money looks for is good ideas and good people and producing both is the role of public higher education.

# Higher Ed. = Economic Engine

## Public Mandate

The requirement for public higher education institutions to become more involved in the economic futures of their communities, regions and states begins with the citizenry. These are public institutions tasked with a responsibility to students and taxpayers, the 150 year old logic of land grant universities. We have a right and responsibility to ask publicly funded institutions to embrace the mission of economic growth and the creation of innovative programs designed for growth.



# Higher Ed. = Economic Engine

So, where are we today?

- How do we make the Monterey Bay system of higher education work to help create economic growth?
- Is the “no growth” or “slow growth” movement of Monterey Bay politics changing?
- Can the Monterey Bay’s public higher education institutions cooperate?
- Can municipalities and counties stop functioning as parochial entities and see a bigger regional picture?
- Can we understand that slow growth = economic doldrums?

# Higher Ed. = Economic Engine

## The Good

- This Colloquium and talking about growth as positive.
- Political changes in Santa Cruz & Monterey Counties are favoring economic change & responsible growth.
- New leadership at CSUMB understands the role of the institution in creating change and innovating. UCSC is slowly starting to think this way as well.
- We have all the ingredients for making higher education the catalyst for change in the Monterey Bay: Three CCC campuses, a CSU campus and a UC campus, (although there is limited communication and cooperation.)

# Higher Ed. = Economic Engine

## The Bad

- In the past 45 years, UCSC has generated very little entrepreneurial private enterprise in the Monterey Bay Region.
- There is no coordinated regional higher education planning that involves all of the public higher ed institutions in the region.
- Most kids raised in the Monterey Bay Region who seek higher education leave the area, even if they attend CSUMB or UCSC. There are few high wage jobs here outside of limited agriculture & tourism management opportunities and...wait for it...

Higher Education

# Higher Ed. = Economic Engine

## The Ugly

In the almost twenty years since Fort Ord closed, all we really have is a shopping mall, CSUMB, and MBEST, the latter of which has essentially been put on a back burner by UCSC and downscaled from a 135 acre world class R & D center to a 4 acre site with 1 building.

The \$2+ billion that Fort Ord contributed annually to the Monterey Bay Region has yet to be replaced...and we're arguing about more recreational areas and horse racing, hardly formulas for real economic development.

I don't want to be having this conversation again in 2018.

We can and must do better.

# Higher Ed. = Economic Engine

## FORA Specific Ideas

- Get behind growing CSUMB in a BIG way. The campus is authorized for up to 25,000 students.
- Encourage learning entities (online, vocational schools, research) to take occupy vacant facilities. Get aggressive.
- Offer deeply discounted five year leases to small and large companies and/or research entities.
- Create a regional higher education center, to bring together all of the Monterey Bay's public education entities and research entities like MBARI, Hopkins, NPS.
- Stop bickering over slices of the pie, the pie gets much bigger as we all cooperate.

# Thank you

Larry Samuels

Monterey Bay resident since 1977 (DLI)

Ex-Silicon Valley Exec. (Creative, Communities.com, Atari)

I started my higher ed journey in 2001 at Cabrillo College

Recent graduate of Stanford (PhD in higher ed & policy)

My daughters went to school in Monterey and Santa Cruz Counties. We all attended Cabrillo.

I love the Monterey Bay Region, but we need to wake up to economic reality. Our children leave b/c there are no jobs.