

UNDERSTANDING HIGHER EDUCATION FINANCE

INTERVIEW WITH AMY SUPINGER
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As part of a project on higher education finance supported by the Bill and Melinda Gates Foundation, Nate Johnson interviewed a number of experts and leaders to gather different perspectives on how major budget choices are made. The interviews have been condensed for publication so that the key insights are available to anyone who is interested.

This interview with Amy Supinger, a California-based higher education consultant and former budget analyst for the California legislature, highlights how postsecondary budget decisions can be often siloed, what states could do about that if they wanted to, and the importance of an active advocacy community in sustaining Cal Grants, the largest state financial aid program in the country.

Thinking back over the years that you have worked with the Legislature in California and then since then, in your consulting work, what are one or two things that you have learned about how either higher education works, or about how the state budget process works, that you think might be surprising to people outside of the system?

I would say three things have become much clearer to me now that I'm not the actual Budget Analyst working for the Legislature. The first is that the decision-making is incredibly siloed. Budgets are reviewed and budget determinations are made by a subcommittee of the full budget committees in each house.

There's very little opportunity to cross over either conversations or decisions between education and any other facet of the state budget. The place that I've noticed it the most is when you look at community college finance in California, which has a very high proportion of low-income students, you don't get much crossover in conversations between how community colleges are budgeted and how the state budgets Temporary Assistance for Need Families (TANF), or support services for low-income individuals, or food stamps, or anything else. The student populations really do crossover to the public benefit populations.

That's two kinds of silos that you're talking about. One is the silo of the budget decisions about higher education from the policy conversations about higher education within the legislature. The other is the siloing of the higher education budget conversations from the other budget conversations that affects the low-income population where there's overlap with the student population. Is that right?

Correct. Or any other either policy or fiscal issues that impact students or institutions. The low-income student one with crossover with health and human services issues is the easiest example. The budget process and budget committee always trumps the policy and the legislative process. If you really wanted something to happen, and you're a lobbyist or an advocate or anyone in this space, you are doing it in budget.

That's the budget as a moral document idea.

Exactly. The second thing is that by default, the institutions' perspective wins. What I mean is that the default funding mechanism, the default way of viewing education budgets, is heavily skewed towards an institutional perspective. Of course, the institutions have no interest in changing that. It certainly benefits them. If you are an advocate or someone who lands on the student side and you want to reframe finance and budgeting to be much more consumer-oriented in looking at outcomes for students, even considering how students move through varying institutions, or swirl amongst institutions, or what kinds of supports are needed, it becomes incredibly difficult to have those conversations because the whole process is skewed towards an institutional perspective. We budget by the type of institution. The University of California gets an appropriation, the California State University gets an appropriation, the California community colleges get an appropriation.

In California, is it pretty much the system people who are lobbying?

Yes. It's the system people. We've got those three systems and it's their folks that really drive the conversation.

It's a pretty small number of people negotiating over a very large amount of money. Whereas with tuition, which also has its disadvantages, you have to make the sale to tens of thousands of students. Whereas to get the appropriation part of the budget, it's their success in that much higher stakes, much more limited negotiation. Of course they wouldn't want to change that, right?

Right. The fact that the status quo is, obviously, the default. These systems are very much institution focused. The burden of proof to make any kind of changes and take the notion of funding per FTE is so incredibly high because both the longevity and the magnitude of a system that's been weighted to benefit institutions, it's just immovable in many cases.

The last thing I would say that would come as a surprise to people, and in part because it's only recently that I really acknowledged this myself, is that the state can change its budgeting practices all it wants. If you read the budget documents, the appropriations bill, the budget bill, there is nothing that would make you believe that this state runs on enrollment, that enrollment is the currency on a University of California or a California State University campus.

A state can think it makes changes, but unless or until the system actually changes how it sends money down to campuses, you've changed nothing. It's that the state—regardless of what the change is, enrollment was my example—regardless of what kind of state budgeting change the state does, it imposes on the system. Unless the system embraces a similar change, nothing actually changes.

Any time you're going to change how you distribute money, especially if it's a relatively zero-sum game, you're not seeing huge state investments in universities right now, there end up being winners and losers.

We have a minimum state funding guarantee that's constitutional for K14 education, so K12 and community colleges. The way it works is basically a combination of funding sources. Their general fund appropriation is offset by a like amount.

They're fixed in what their total budget could be so it does them no good to raise tuition.

Correct.

The other thing that's unique about California among the 50 states is the way you have built the state financial aid system, the Cal Grants, which are considerably more generous than most states. In addition to having the system leaders, you have more than other states, constellation of non-profit organizations and internal

foundations and activist groups that collectively, really, stand up for the Cal Grant and make that their main lobbying priority in a way that I haven't seen as much in other states. Would you say that's fair?

Yes. I would say a couple of things. One, we do have a non-profit community, a non-profit, civil-rights oriented community that does indeed weigh in on Cal Grant issues. Thankfully, we have that community for a lot of other reasons, too. I don't see it too many other places. One of the organizations that we have that's based here in California is TICAS, The Institute for College Access and Success. I think of them as being very narrow in their policy focus, but incredibly deep. They do a lot of financial aid work.

It's a coalition of the civil rights groups, so people like MALDEF, NAACP, public advocates, a coalition of student groups, the student associations from the University of California, the California State universities, the California community colleges, and then other advocacy groups that are in the higher ed. space. Part of the reason that coalition has worked is that it takes a very student-centric voice. It has not, quite intentionally, included UC. Sometimes what's in the best interest of the system is not actually what's in the best interest of the students, in spite of the systems saying it is. They've provided a backbone, kind of a backbone organization, to support that work.

The fact that you actually have a coalition of organizations, sort of an organization of organizations, just speaks to the breadth of that support that you have. On one hand, you have a pretty well funded financial aid program, the Cal Grants, that has been sustained. On the other hand, probably your community college sector is among the weaker around the country in terms of its level of funding and its capacity. Do you think there's been a tradeoff there between the strength of support for funding the Cal Grants and that being the vehicle for supporting low income students and funding the community colleges, which is another way to provide support for low-income students?

No. The coalition has, in the last probably 18 months, really taken on the issue of financial aid support for community college students and the existing financial aid structures of the Cal Grant program.

Cal Grants are competing for funding with the University of California, with our Medicaid programs, with corrections and prisons. Community colleges are part of our Proposition 98 guarantee, which is constitutionally set. Their competition for resources is really with K12. That's part of the siloed problem from earlier. Because the funding buckets are siloed, you just don't get to have the good crossover conversation that, quite frankly, really need.

My takeaway from our conversation would be that there are opportunities for a shift in state leverage with the institutions when funding sources are added to or taken away from the legislative mix.

As the state has systematically removed its role in the budgeting of the systems, it's just shifted responsibilities. It's shifted responsibility from itself, as the state, to the system, to manage how those funds are spent. If you're going to shift the responsibility to the system, then you have to make sure the system's doing what you want the system to do.

That's part of the irony—that while we have relinquished our authority as a state over a lot of these appropriations, we have not, on the other side, beefed up the accountability measures that the university systems are held accountable to. To them, they've kept business as usual and nothing's changed, even though the state thinks it's changed by giving them more authority over these dollars.

Amy Supinger has 20 years of state-level education and fiscal policy experience, spanning from pre-K to postgraduate education. In addition to her government work, which includes her time as Consultant with the Senate Committee on Budget and Fiscal Review as well as Chief Consultant to the Assembly Committee on Higher Education, she has worked with organizations such as the William and Flora Hewlett Foundation, the Lumina Foundation, and many others.