

Overview of Higher Education in California

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Assembly Select Committee on the Master Plan for
Higher Education in California
Hon. Marc Berman, Chair





Key State Roles in Higher Education

- Define Mission**
 - Delineate the mission of each of the three public segments and the higher education system as a whole.

- Determine Eligibility Pools**
 - Set forth expectations regarding who is eligible to attend each segment.

- Provide Funding and Set Associated Expectations**
 - Provide state General Fund support for each of the three public segments.
 - Set expectations for institutions and students regarding the cost of education, tuition levels, financial aid, contributions from students' employment earnings during college, and student borrowing.

- Hold Segments Accountable**
 - Require each segment to collect and report certain data that allows the state to determine the extent to which the segment is fulfilling its mission.
 - Assess whether the segments collectively are fulfilling the mission of the higher education system as a whole.

- Foster Effective Governance and Coordination**
 - Create a governance structure that promotes effective management of each public segment and coordination among all the segments (public and private).
 - Facilitate student progress, especially from high school to college and from community college to university.

1960 Master Plan



Defined Mission

- As set forth in the 1960 Master Plan, the California Community Colleges (CCC) are to provide lower-division general education and technical education with a focus on workforce certificates, associate degrees, and transfer preparation. The colleges also are to provide instruction in basic skills.
- The California State University (CSU) is to provide undergraduate and graduate education, with a focus on bachelor's degrees, teaching credentials, and master's degrees.
- The University of California (UC) is to provide undergraduate and graduate education through the doctoral degree, as well as graduate professional education in law, medicine, dentistry, and veterinary medicine. It also is to serve as the state's primary research institution.



Established Eligibility Pools

- As designed in the 1960 Master Plan, the community colleges are to be "open access" institutions, meaning any adult may attend regardless of incoming skill level or prior academic attainment.
- CSU and UC are to draw their freshmen from the top 33 percent and 12.5 percent, respectively, of high school graduates. CSU and UC are to accept all transfer students who have completed general and pre-major education requirements with a minimum 2.0 and 2.4 grade point average, respectively.



Set Cost and Funding Expectations

- As structured under the 1960 Master Plan, the community colleges are to provide the lowest-cost education among the segments (measured by cost per student), UC the highest-cost education.
- State General Fund support is to vary accordingly among the segments, with state funding per student lowest at CCC and highest at UC.



Set Financial Aid Expectations

- As envisioned in the 1960 Master Plan, financial aid was to promote student access, allow for greater student choice, relieve pressure on the public segments, and produce state savings by reduced capital and operating costs at the public segments. (At the time, the state provided more grant aid to students attending private colleges.)
- In 1960, along with passing the Donahoe Act, the state notably increased the number of grants and award amount of its main financial aid program.

**Held Accountable Through Enrollment Targets**

- Historically, the state has held the segments accountable primarily through one key measure—meeting their enrollment targets.

**Relied Upon Three Governing Boards**

- As part of the Donahoe Act of 1960, the state established the CSU Board of Trustees. The UC Board of Regents predated the 1960 Master Plan. In 1967, the state established the CCC Board of Governors.
- Since their creation, the state has delegated substantial responsibilities to these governing boards to manage enrollment, allocate funding, determine staffing levels, set compensation policies, oversee building projects, and, for UC and CSU, set tuition and fee policies.

**Created a Coordinating Body**

- The Donahoe Act created the Coordinating Council for Higher Education and entrusted it with statewide planning and coordination. The Coordinating Council had equal representation among the segments, with three representatives each from CCC, CSU, UC, the private sector, and the state.
- In 1973, the state replaced the Coordinating Council with the California Postsecondary Education Commission (CPEC) but largely maintained the office's core mission. (Due to concerns with the office's effectiveness, the state defunded CPEC in 2011.)



California Demographics Have Changed in Notable Ways Since 1960

	1960	2015
Race and Ethnicity (18-24 year olds)		
White	79%	31%
Hispanic	12	46
Black	6	6
Asian	2	13
Other	1	4
Educational Attainment (25-64 year olds)		
No high school diploma	44%	17%
High school diploma, no college	29	20
Some college ^a	16	30
Bachelor's degree or higher	11	32
^a Includes associate degrees.		



California's Higher Education System Has Changed in Notable Ways Since 1960

	1960	2015	Change
Full-Time Equivalent Enrollment			
CCC	98,000	1,138,000	1,040,000
CSU	61,000	395,000	334,000
UC	44,000	253,000	209,000
Totals	203,000	1,786,000	1,583,000
Number of Campuses			
CCC	64	113	49
CSU	16	23	7
UC	6	10	4
Totals	86	146	60
Average Campus Size			
CCC	1,500	10,100	8,600
CSU	3,800	17,200	13,400
UC	7,300	25,300	18,000
Core Funding Per Student (2015 Dollars)^a			
CCC	— ^b	\$7,900	— ^b
CSU	\$11,300	\$14,300	\$3,000
UC	\$27,700	\$28,300	\$600
State General Fund Per Student (2015 Dollars)^c			
CCC	— ^b	\$7,400	— ^b
CSU	\$10,200	\$8,800	-\$1,400
UC	\$25,800	\$15,400	-\$10,400
Systemwide Tuition Charges (2015 Dollars)^d			
CCC	—	\$1,380	\$1,380
CSU	\$754	\$5,472	\$4,718
UC	\$1,371	\$12,240	\$10,869

^a Reflects state General Fund, student tuition and fee revenue, and local property tax revenue per full-time equivalent student.

^b Data for 1960 not readily available for community colleges.

^c Excludes debt service on general obligation bonds at UC and CSU and spending on retiree health benefits at CSU, as 1960 amounts are not available. Includes local property tax revenue at CCC.

^d Reflects systemwide charges for a resident undergraduate.



Recent State Actions



More Overlap of Mission

- The state authorized CCC to offer a limited number of bachelor's degrees on a pilot basis.
 - Chapter 747 of 2014 (SB 850, Block) authorized up to 15 CCC bachelor's programs in areas not offered by CSU.
- The state authorized CSU to offer four independent applied doctoral degrees.
 - Chapter 269 of 2005 (SB 724, Scott) established doctorate in education.
 - Chapter 425, Statutes of 2010 (AB 2382, Blumenfield) established doctorate in physical therapy.
 - Chapter 416 of 2010 (AB 867, Nava) established doctorate in nursing practice.
 - Chapter 267 of 2016 (AB 2317, Mullin) established doctorate in audiology.



Expanded University Eligibility and Enrollment

- The most recent freshman eligibility study (2017) shows CSU drawing from the top 41 percent and UC drawing from the top 13.9 percent of high school graduates.
- An increasing share of high school graduates are completing college preparatory coursework (36 percent in 2007, 43 percent in 2015).
- Despite slight drops in high school enrollment and graduates over the past three years, resident enrollment grew by 6,900 students (1.9 percent) at CSU and 11,300 students (5.8 percent) at UC over the period.



Recent State Actions

(Continued)



Expanded and Modified Financial Aid Expectations

- After six years of no tuition increases, both UC and CSU raised tuition for the 2017-18 academic year. The state correspondingly increased financial aid for financially needy students—fully covering tuition for these students.
- In 2014-15, the state began providing some tuition assistance for middle-income students not qualifying for other need-based aid.
 - Chapter 50 of 2013 (AB 94, Committee on Budget) created Middle Class Scholarship program.
- In addition to the state’s financial aid programs, the segments now provide billions of dollars in institutional financial aid.
- The state adopted new financial aid policies to encourage more students to enroll full time and more students to enroll at public rather than private colleges.
 - Chapter 10 of 2015 (AB 93, Weber) created the Full-Time Student Success Grant program for CCC students pursuing two-year associate degrees. Chapter 23 of 2016 (SB 826, Leno) expanded the program for CCC students pursuing shorter-term career technical degrees.
 - Chapter 23 of 2017 (SB 85, Committee on Budget and Fiscal Review) created the Community College Completion Grant Program.
 - Chapter 14 of 2017 (AB 97, Ting) doubled the Cal Grant C award amount for recipients attending CCC.



Greater Emphasis on Accountability Through Student Outcomes

- Rather than focusing almost exclusively on enrollment targets, the state is focusing on student academic outcomes. The state now requires each segment to report its graduation rates, persistence rates, and units taken per degree (among other measures). The Legislature reviews these performance results as part of the annual budget process.
 - Chapter 367 of 2013 (SB 195, Lin) called for adoption of performance measures that take into account the distinct missions of each segment.
 - Chapter 50 of 2013 (AB 94, Committee on Budget) established eight specific performance measures for UC and CSU.
 - Provisional budget language in 2013-14 through 2016-17 required UC and CSU to establish annual performance targets. Chapter 23 of 2017 (SB 85, Committee on Budget and Fiscal Review) made the annual targets an ongoing requirement.
 - Chapter 687 of 2014 (SB 876, Committee on Budget and Fiscal Review) required the CCC Board of Governors to identify performance measures and develop annual performance targets.
- Since 2012-13, the state has increased funding for improving student performance at the community colleges and CSU.
 - In 2017-18, the state is spending \$889 million for nine CCC student support programs—an increase of \$646 million over the 2012-13 spending level.
 - Over the past two years (2016-17 and 2017-18), the state has designated a total of \$47.5 million in one-time funding for CSU to improve its graduation rate.



Improvements in Coordination

- The state directed the segments to streamline transfer pathways, especially between community colleges and CSU.
 - Chapter 428 of 2010 (SB 1440, Padilla) and Chapter 720 of 2013 (SB 440, Padilla) authorized the associate degree for transfer, along with requirements that students transferring to CSU with the degree be able to complete their upper-division studies within 60 units (two years of full-time coursework).



Ad Hoc Statewide Planning

- Though the Legislature has passed bills to establish a new coordinating body, the Governor has not supported these efforts to date.
- The result has been limited and ad hoc statewide planning.
- Our office, the Department of Finance, and the Office of Planning and Research each has been directed to undertake some planning work, but without any overarching vision for ensuring all key elements of statewide planning are undertaken routinely.



Looking Ahead



Review Mission

- What should be the primary objectives of California's higher education system today?
- What should be the primary objectives of each segment? To what extent should the mission of each segment be distinct?
- What role should each segment have in meeting statewide, regional, and local student and workforce demands?



Review Eligibility Pools

- How selective should UC and CSU be in their freshman and transfer admissions? To what extent should cost (for the state and students), student preparation, and student demand affect selectivity decisions?



Review Tuition and Financial Aid Policies

- How much of the cost of education should students at each segment pay?
- Should the state subsidize living costs during the college years? To what extent should students be expected to work and borrow during their college years?
- Which students should qualify for financial aid? To what extent should aid programs prioritize low-income students versus middle-income students?
- Beyond providing access, should the state use tuition and financial aid policies to encourage certain types of student behavior (such as completing programs within a certain number of years)?
- Should the state use tuition and financial aid policies to encourage certain types of institutional behavior (such as having high graduation rates)?
- Should the state simplify financial aid messaging, consolidate state and institutional aid programs, and better coordinate state and federal aid programs? If so, how?



Review Accountability System

- Do the state's current performance measures reflect the Legislature's goals for higher education?
- How should the state hold a segment accountable if it fails to meet performance expectations?



Review Governance System and Statewide Planning

- How much authority should the state delegate to each of the segment's governing boards?
- How should the state foster strategic statewide planning? Should it create a new coordinating body? Alternatively, should it establish a new vision that entrusts specified aspects of statewide planning to existing state agencies, adjusting their staffing and expertise accordingly?