

TESTIMONY for President Napolitano's 8/31/17 appearance before the Select Committee on the Master Plan for Higher Education in California

Thank you, Chair Berman and Members of the Committee.

I very much appreciate the opportunity to participate in this hearing. California's future and fortunes have always been tied to its institutions of higher learning. The 1960 Master Plan was a significant accomplishment in that it marked the State leaders' commitment to taking on the challenges of that period, and to seeking ambitious solutions for those challenges. To name just a few of those issues:

- Massive enrollment demand at public higher education institutions due not only to the post-World War II baby boom, but also to a changing society in which a greater proportion of the state's residents needed and wanted access to higher education
- Sputnik and the Cold War competition for scientific and technological advancement to keep the United States strong and secure
- An economy that was being reshaped by new industries and products resulting from enhanced research and development

The creators of the Master Plan did not shy away from the daunting task of educating a massive wave of students while building the knowledge infrastructure they knew was needed for California's future economic, social, and cultural development. They recognized that attaining an education beyond high school leads to lower unemployment rates, higher earnings and a larger tax base, and a more engaged citizenry.

The Master Plan prioritized access by stating clearly that any student who could benefit from a higher education should be provided the opportunity to pursue it, and it prioritized quality by explicitly articulating the sphere of responsibility for each of the three public segments of higher education. In my mind, this is what makes California's system of higher education unique—it provides unparalleled access to higher education without sacrificing quality. To deliver on this promise, California built some of the finest institutions of higher learning in the world.

The visionary leaders who developed the Master Plan also recognized that meeting the state's higher education needs would require sufficient resources, and they knew they needed to gain the support of the state's leaders and residents to obtain those resources. The Master Plan was not only a blueprint for the State's system of public higher education institutions. It was a compact between four key parties: the state and its political leaders, the institutions of higher education, students and their families, and the people of the State of California. Under this compact, each party had a role to play:

- The institutions of higher education agreed to provide access to all eligible residents, and to end costly duplication of programs;
- The state and its leaders agreed to provide sufficient and reliable General Fund support;
- Students were required to meet certain academic standards, and they and their families were expected to pay for a greater share of non-instructional costs. (The Master Plan stated that

auxiliary enterprises such dormitories and parking structures should be self-supporting); and finally,

- The residents of the state were expected to support sufficient taxation and General Obligation bond acts to finance the operating and capital costs of the new campuses necessary to meet California's needs.

The Master Plan worked even better than expected:

- A much higher proportion of California's population is in college now than was the case in 1960. That's true for every ethnic group and both genders. Enrollments in public higher education institutions have increased ten-fold since 1960, from 179,000 to 2 million,¹ far exceeding the rate of growth of the state's population.²
- The University of California, the California State University, and the California Community Colleges have all grown enormously since 1960 in response to steadily increasing demand for a higher education. UC, the institution I lead, added four new campuses. CSU added eight and the Community Colleges added 50 new campuses, increasing from 63 to 114.

But it's not just about quantity. It's worth noting that California's institutions are among the best in the world. The California Community Colleges serve approximately 2.1 million students³, three times as many as community colleges in the next most populous State of Texas. California State University campuses have been recognized as national leaders in diversity, with six of their universities ranked among the Wall Street Journal's top 10 colleges in the west.⁴

And then there's the University of California, which has been highly ranked nationally and internationally, and has been described by the New York Times as California's upward-mobility machine for providing unprecedented access to low-income students who go on to graduate and succeed after college.

UC has also been an economic engine for the State of California. The Master Plan gave the University responsibility for advanced graduate and professional education, for the research mission, and for preparing the nation's future faculty. That has helped attract considerable funding and talent into California. It has also enabled UC researchers to make discoveries that have changed lives and resulted in major advances in key industries, from agriculture in the Central Valley to technology in Silicon Valley.

These are incredible accomplishments, made possible by the Master Plan. And as someone who has served as Governor in another western state, I can confidently say that we have much to be proud of here in California.

That doesn't mean the Master Plan should remain static. And in fact, the Legislature and the higher education segments have reviewed and updated many aspects of the Plan since 1960.

¹ Full time equivalent (FTE) students which adjusts for part-time status.

² California population increased from 15.3 million to 39.3 million over the same period (257 percent increase)

³ Headcount—each part-time student counts as 1 (explains why figure is larger than above)

⁴ <https://www2.calstate.edu/csu-system/news/Pages/CSU-Campuses-Recognized-Nationally-as-Leaders-in-Diversity-and-Inclusion.aspx>

For example, the 1960 Master Plan had UC and CSU “selecting from” among the students who were eligible to attend by virtue of being in the top 1/8th (for UC) and 1/3rd (for CSU) of their high school graduating class. Despite the enormous growth in the number of students eligible to attend UC and CSU, the Master Plan was amended in the 1980s to make it explicit that every eligible student who applied would be guaranteed a space at UC and CSU.

And when it came to affordability, the Master Plan’s focus in 1960 was on the cost of tuition alone, with little regard to the full costs of attendance—including room and board, educational materials, transportation, or healthcare. Affordability remains a big issue, but the Master Plan policies have evolved such that current students have access to federal, state, and institutional aid that makes it possible for low income California students to attend and have their costs fully covered. However, non-tuition costs have grown significantly, particularly here in California with its high cost of living. How all of our students cover these increased costs is an issue that needs to be addressed.

California’s higher education institutions are relatively rare in this regard: many states have higher education institutions that offer strong grant programs, and many other states have strong financial aid programs that the State funds. But here in California, both the State and the University of California make significant contributions to financial aid, demonstrating our commitment to the principle that hard-working, high-performing students should not be denied the opportunity to pursue a higher education based on their income, and that the state has much to gain by cultivating a well-educated populace. I am proud that 42 percent of UC undergraduates are the first in their families to attend college, and that 57 percent of our California undergraduates receive financial aid that fully covers their tuition costs.

The result of this commitment is that California performs better than any other state in what I like to call “social mobility”—educating first-generation and low-income California students, and helping them become productive members of California’s high-skill, high-wage workforce.

The 1960 Master Plan also established the community college transfer function as a key element of providing access to higher education for all qualified Californians. In addition, the Master Plan stipulated that both UC and California State University reserve space at the upper-division level to enroll significant numbers of transfer students.

The community college transfer function was primarily seen in 1960 as a way to divert high achieving students to the community college system, and thereby lessen demand at UC and CSU. I think we now see community college transfer as a much more important component of California’s higher educational system. A significant proportion of CCC transfers are students who are eligible for UC and CSU but choose the transfer route for a host of reasons—financial, family responsibilities, the need to be closer to home. But what was not predicted in 1960 was the degree to which the transfer function evolved into a “second chance” route to a four-year degree for students who were not initially eligible for UC or CSU. These students are able to attend a California Community College, work hard, succeed there, and

then ultimately go on and receive their baccalaureate degrees at UC and CSU. In this way, the Master Plan expands opportunity and access to a broader portion of the state's population.

This is an area in which I believe we have exceeded the expectations and surpassed the vision of the Master Plan's creators. UC, CSU, and the community colleges have been working more closely in recent years, and have collectively made great strides in improving the transfer process. At UC, we've enhanced and extended our commitment to transfer students such that in 2016-17, we enrolled the largest transfer class in the history of our institution. This year, excluding the Merced campus, we will reach our goal of achieving a 2:1 ratio systemwide: one-third of all incoming California resident undergraduates will enter UC as community college transfers.

As we look ahead to the next 50 years, and contemplate ways to improve the Master Plan, we must recognize the extraordinary challenges facing California and the nation. I'll briefly mention a few of them:

- The first challenge is demographics. California is unique in this sense. Other states face declines in their numbers of high school graduates. While such declines have been predicted for decades in California, the reality has been the opposite. California is bucking the trend—every year, we see more high school graduates than predicted, and more importantly, we see better prepared and more diverse high school graduates. We need these high school graduates to attend college, and we need them to attend in greater proportions if we are going to meet California's workforce demand.
- The second challenge is infrastructure. The State of California has slowed its investment in higher education infrastructure. We haven't had a major higher education bond act since 2006. It's hard to imagine California will find the funding to add the number of campuses built since 1960, but we must find a way to expand capacity and address deteriorating infrastructure at our existing campuses. Today's students deserve the same quality education as past generations of Californians. As we continue to expand enrollment, we must provide them with the classrooms, the laboratories, the libraries, and the living spaces they need to thrive and succeed.
- Another challenge is federal funding. We may not be able to count on the federal government to support higher education at the same level it has in the past. The Master Plan wisely encouraged the state to enable UC faculty to spend a significant amount of their time on research as well as teaching. This investment from the state in research-oriented faculty has paid off—those faculty bring in \$4 to \$5 billion annually in federal and private research funding to the State of California.
- Another challenge is growing inequality. This is a problem here in California, and throughout the nation. I've already described the importance of the California public higher education system in generating social mobility. A robust higher education system can help address rising inequality by educating more California students, by driving economic growth, by serving the state's needs in areas such as health care and food production, and through its intellectual and research capacity.
- Finally, the state, nation, and world face what I like to call "grand challenges"—issues such as climate change and the need for alternative energy, global food needs, challenges in health care

delivery, immigration, and the need for continued technological innovation. California has historically led the way in tackling these problems, and will continue to do so with UC serving as its research arm.

Given the magnitude of these challenges, now is neither the time to get complacent, nor is it the time to de-emphasize the importance of higher education to the state. We need to be as bold today as the leaders of the 1960s were, and we need to re-affirm the compact between the State of California, its public higher education institutions, our students, and the taxpayers.

As we look ahead, California has an opportunity: if we can increase the proportion of California students who attend college and attain a degree, we can continue to lead the nation and the world in providing post-secondary educational opportunities and creating new knowledge.

That is why I sincerely appreciate this opportunity to engage with Assembly Member Berman and the committee members, our students and faculty, and my colleagues from the Community Colleges, the CSU, and California's independent colleges and universities on this important issue. I want to thank the Committee for its continued support of higher education. Together, we can recommit ourselves to stewarding public higher education and growing California together.