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Testimony to the Assembly Committee on Higher Education
Problems and Challenges Facing California Higher Education
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Higher education does not typically confront legislators with the kinds of crises that they see in other policy areas. Moreover, the aura of the Master Plan and the strong reputations of our colleges and universities predispose policymakers to focus attention elsewhere. In view of this, I commend the Assembly Committee on Higher Education for holding this series of informational hearings. Without concerted attention to the problems and challenges that are, indeed, facing California higher education, the state risks finding itself, in the not-so-distant future, with an under-educated population and a resulting diminution of social and economic vitality.

My comments address two topics: (1) reasons why the Master Plan does not provide an adequate framework to address today's needs, and (2) some of the performance issues that should alert policymakers to the need for heightened attention to statewide planning for higher education.

I. Problems with the Master Plan as a Framework for Today's Needs

California's Master Plan for Higher Education, while widely respected, particularly in earlier times, has limitations that detract from the state's ability to focus on state needs and performance expectations. I discuss some of these below.

- The strict segmentation, while often seen as the greatest strength of the Master Plan for avoiding mission conflict, has restricted the nature of discussions about higher education in the state. We approach higher education policy from an institutional, segmental perspective rather than with an eye toward state goals and statewide coordination. We collect data to evaluate the performance of individual segments rather than of the whole enterprise. We enact partnerships for each segment – and assume, incorrectly, that these address the needs of the state as a whole.
- The Master Plan's three pillars of access, affordability, and quality are devoid of any connection to the specific economic and social needs of the state. With the huge, and increasing, importance of higher education to the state's economic and social health, a 21st Century Master Plan should *begin* with the needs of the state.
- Instead of beginning with state needs, the Plan gives us inflexible design elements. So as the needs for educated professionals and workers change, along with the degrees and credentials recognized in the workplace, we find ourselves now facing mission battles that detract from the ability to move quickly to adapt the state's degree and credential production to the needs of the economy.

- The pillars of the Master Plan make no mention of student success, leading to a fixation on access and, in turn, to poor completion rates (discussed in section II below). A focus on access reflects what might have been an accurate assumption in 1960 – that once admitted, students had the wherewithal to succeed – but is certainly far from true today.
- There is a lack of connection between policies outlined in the Master Plan, such as universal access and high quality, and the resources available for higher education. In short, the Plan has never attempted to be, or been accompanied by, a financing plan.
- The Plan offers no guidance on rational policies to accomplish “affordability” or on means to address affordability by linking appropriations, tuition, and aid.
- It offers no real guidance or rationale for understanding how we might expect subsidy levels and student costs to vary by segment, i.e., by mission. The differentials in subsidy across the segments we see today are far greater than those of other states and we have no basis for understanding why this is the case.
- The eligibility provisions of the Master Plan that may have been appropriate to the times (i.e., 1/8 for UC, 1/3 for CSU) may be totally inappropriate to today’s needs, but are followed like gospel. U.S. Census data demonstrate that the share of young adults enrolled in college has more than doubled since 1960 (see Table 1). The economic returns to education have increased dramatically, with a college education resulting in lifetime earnings that are approximately double those of high school graduates.¹ The mass participation in higher education we see today warrants *at least questioning* the continuing value of the original eligibility standards.

Table 1
Share of 18-24 Year-Olds Enrolled in College

Year	Share Enrolled
1960 ¹	16.1%
1980 ²	27.4%
2000 ³	34.0%

¹ *Statistical Abstract of the United States 1960* Table 134

² *Statistical Abstract of the United States 1980* Table 152

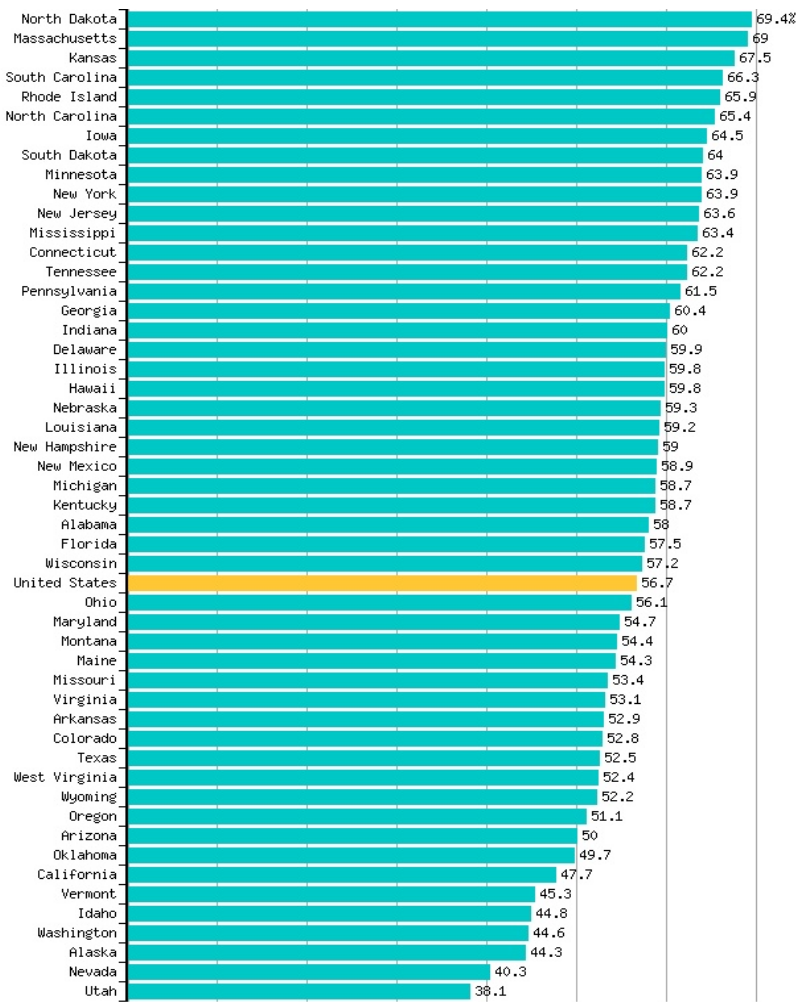
³ *American Factfinder 2000* Tables PCT63 and PCT3

¹ Day, J. C. & Newburger, E. C. (2002). *The big payoff: Educational attainment and synthetic estimates of work-life earnings*. Washington, DC: US Census Bureau.

II. California's Performance in Higher Education

What we do Fairly Well – Keeping College Affordable and High Rates of Participation

Despite substantial increases over the last several years, student fees remain below the national average (see Table 2). In addition, California does better than many states at providing need-based financial aid to low-income students through its Cal-Grant program. On a more cautionary note, fees have been increasing at a higher rate than in most other states and total college expenses (including room and board) take up a higher share of family income than in other states. In addition, the most affordable segment is the one which provides the least support and chance for success.



Source: Tom Mortenson, Postsecondary Opportunity

	Tuition/Fees	Change from 2002-03
Pennsylvania	\$7,753	9.7%
Ohio	\$6,843	11.1%
Massachusetts	\$6,430	25.9%
Michigan	\$6,071	14.3%
Illinois	\$5,744	9.8%
Virginia	\$5,003	19.1%
New York	\$4,882	22.2%
Nation	\$4,688	13.9%
Washington	\$4,565	6.8%
Texas	\$3,879	5.6%
Arizona	\$3,598	39.0%
California	\$3,597	31.8%
New Mexico	\$3,314	6.1%
North Carolina	\$3,279	19.6%
Georgia	\$3,263	10.7%
Florida	\$2,903	7.1%
Nevada	\$2,698	5.2%

California's rate of enrollment in higher education is high, due largely to part-time enrollment in the low-cost, open-access community colleges. Nationally, approximately 9% of adults ages 18-64 are enrolled in higher education, as compared to 10.5% in California. However, state residents often delay college attendance and therefore the social and economic benefits of higher education. Recent high school graduates here are less likely to go directly to college than in all but 6 other states (see Figure 2). Research on college completion suggests that students who follow the traditional pattern of entering

college immediately after high school are more likely to graduate.²

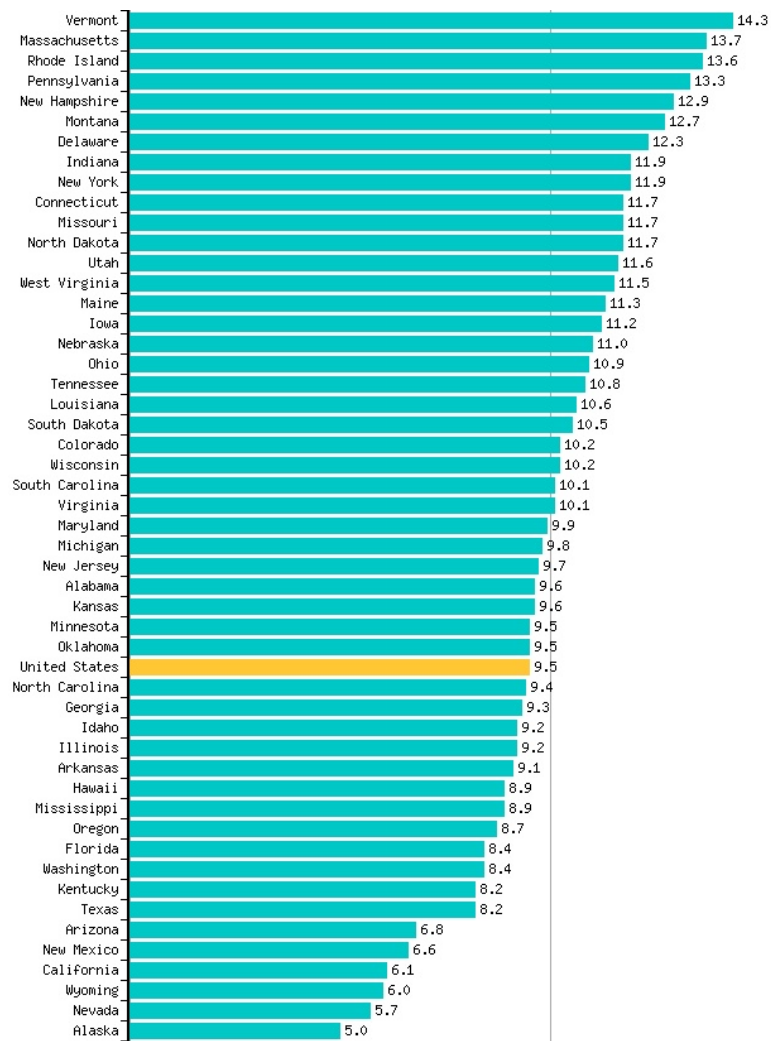
What we do Poorly – Preparing Students for College and Getting them to Graduate

Although California has made progress in the share of students taking college preparation courses, the state ranks in the bottom quartile among all states in the share of 8th graders scoring at or above “proficient” on standardized tests in reading and math.

California performs well on graduation rate measures. However, these rate calculations only include first-time, full time students beginning their studies in four-year institutions. With California’s heavy reliance on community colleges, these rates primarily reflect the success of the most well-prepared students who can attend full time at UC or CSU. California’s performance is very low on measures that factor in the whole population by considering degree completion in relation to enrollment or the number of high school graduates. Figures 3 & 4 display this for the BA degree and very similar patterns exist with respect to two year degrees and certificates.

Particularly troubling, in view of the demographic trends in the state, is the disproportionate under-representation of African Americans and Latinos among those who complete degrees and certificates. California is ranked last among all 50 states in the drop-off in representation of Blacks and Latinos from their representation in the high school age population to their share of undergraduate degree and certificate completers.

Figure 3: BAs Awarded per 100 High School Graduates 6 Years Earlier



Source: NCES – IPEDS Enrollment and Completions Surveys

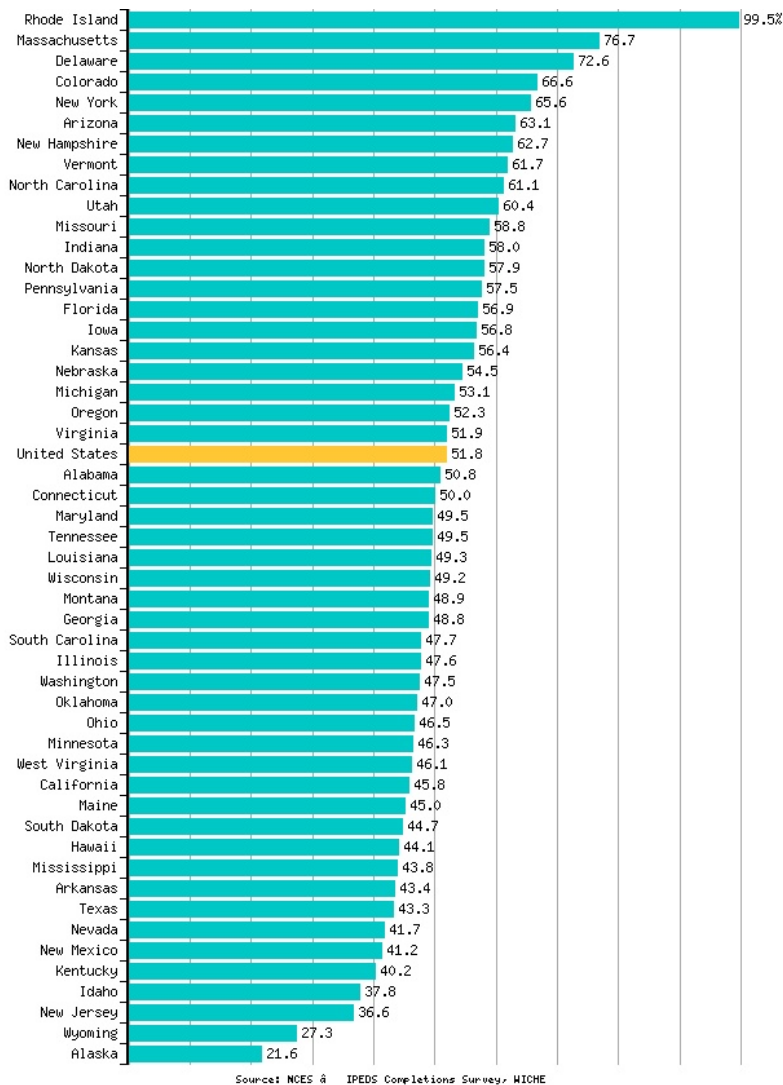
² Adelman, C. (1999) *Answers in the toolbox :Academic intensity, attendance patterns and bachelor’s degree attainment*. Washington, DC: US Dept. of Education.

Table 3
Change in Representation of Blacks/Latinos from High School to College Completion

	% of 18-year olds	% of High School Graduates	% of First-Time Freshmen	% of Degree Completers	Total Drop-off
California	48%	40%	31%	25%	- 23%
National avg.	30%	24%	21%	17%	- 13%

The things the state does well – keeping college affordable, high participation, and graduating well-prepared students – are not sufficient to maintain the state’s knowledge-based economy in this time of high growth rates and demographic changes. Given the dependence of our state’s economy on knowledge workers, we should be producing certificates and degrees at rates well above national averages instead of struggling to stay out of the basement.

Figure 4: BAs Awarded per 100 Undergraduates



III. Efforts Underway in Other States

In a recent study comparing California to seven other states, our Institute found that all of the states we examined have done more than California to analyze statewide performance trends, to understand where their biggest problems are, and to develop plans and strategies for improvement.³ Several have developed and used sophisticated data systems to help them drill down to examine regional issues and track students across institutions, and a few have laid out a true statewide agenda for higher education.

The other states are getting better leadership on higher education issues than California, some from governors, some from state coordinating boards, and others through participation in national initiatives funded by foundations. Legislatures in several states are initiating studies to examine

³ Shulock, N. & Moore, C. (2004). *Facing reality: California needs a statewide agenda to improve higher education outcomes*. Sacramento, CA: Institute for Higher Education Leadership & Policy.

funding alternatives and to investigate higher education needs in the context of state economies. Many of the states have governance issues that present barriers to getting everyone behind the same agenda, but they are still making more progress than we are here in California. This is especially puzzling since we have some key structural and governance capacities that should make it easier to do state-level planning – a lack of will seems to be the problem. Working to our advantage, compared to many other states are these features, among others:

- Governing structures that would support statewide coordination of all of public postsecondary education (unlike some states, for example, in which community colleges lie outside the purview of the coordinating bodies);
- A political culture that recognizes the public value of postsecondary education and has resisted privatization trends advancing in other states;
- A historic commitment to broad-based participation in postsecondary education and an accompanying commitment to need-based financial aid.

It is our hope that through sessions like this, it will be possible to mobilize the leadership that is needed to spur policy change in the interests of a better educated California.