

The Campaign for

College Opportunity

CALIFORNIA'S ECONOMIC PAYOFF: Higher Education in California

The future of opportunity, innovation, and preparation for the workforce and a good quality of life are all at stake. Our investments in our own human capital, is by far, the single most important factor in creating a prosperous state – and our public colleges and universities are critical to that goal.

In fact, the promise of open access to opportunity for Californian's is what inspired the Master Plan of 1960 – a proactive effort to address the growing Baby Boomers coming into adulthood in our state. It was that foresight that ensured we produced the most prominent higher education system in the world, a model that was envied and replicated.

Today, California is reeling from a recession that has constrained our state resources and policymaking. Resulting in devastating cuts to almost everything the state is involved in funding, including over \$2 billion in cuts to our UC, CSU and community colleges just this past year. Hundreds of thousands of our students turned away from our campuses or unable to get the classes they need – extending their time to degree. Increasing student fees, cuts to financial aid, and lost jobs for faculty, counselors and staff we need to support our students and our colleges.

All this is taking place as our growing young adult population is ready for college, as a more diverse population assumes a majority, and as our workforce requires a more educated workforce, 2.3 million additional certificate and degree holders by 2025. As many of us know, this economy can be unforgiving to individuals without an education. Those with a high school diploma or less have disproportionately suffered the impact of job loss and economic uncertainty in these times.

We have heard these facts before, but it bears repeating that beyond the enormous benefit of having the educated workforce, there are numerous financial returns to the state and its residents for investing in higher education and improving college going and completion.

A study by the Institute for the Study of Societal Issues at UC Berkeley, commissioned by the Campaign for College Opportunity, found that state funding of public higher education pays off with a net return on investment of 450 percent.

Essentially, for every dollar invested in public higher education in California, the state will reap \$4.50 from taxes on the increased earnings of college graduates and lower costs of providing other state safety net services and incarceration.

Most importantly, those who complete college yield the highest return for the state at \$4.80 for every dollar invested, twice the return for those who attend college but do not complete (\$2.40).

University of California and California State University graduates provide ongoing returns to the state averaging \$12 billion annually, well above the current general fund expenditures for the UC, CSU and California Community College systems combined.

The return to the state's initial investment is surprisingly quick, by the time a graduate reaches 38; the state's initial investment is repaid in full. By the time today's graduates reach age 50, they will have repaid the nearly \$4.5 billion dollars California originally invested in them, plus an additional \$10 billion.

Investments in higher education pay off for the individual as well. The personal payoff for Californians who earn a college degree is substantial – they earn more than \$1.3 million above their peers who only receive a high school diploma.

Entering and completing college decreases the expected number of years an average Californian will spend in poverty and the number of years they receive cash aid by more than two years.

The evidence regarding the significant economic benefits of investing in public higher education is robust. We know unequivocally that past investments in public higher education are buffering the effects of today's economic downturn and future investments will do the same.

If the state is to continue reaping the benefits of an educated citizenry, it must protect revenues for public higher education and set policies designed to improve college completion, where the state gets its largest return on investment.

Set Statewide Goals for Higher Education

In order to close the 2.3 million college certificate and degree shortfall by 2025, the state must put forth a strategic plan that includes statewide goals and benchmarks for college enrollments and completion. Without a plan, without any goals, without a clear vision for what we need from our public colleges and universities, we will continue to be shortsighted in budget allocations that may never take us where we need to go.

The following are a set of principles for such a plan.

- 1) Provide a spot in college for all eligible students by fully funding enrollment.**
- 2) Develop a clear, fair and predictable tuition and fee plan for students and their families. Ensure this revenue helps to support greater student services and access to courses, especially at the community colleges.**
- 3) Preserve financial aid for low- and moderate-income Californians through Cal Grants and increase student access to federal Pell Grants.**

- 4) **Ensure higher education funding and policy priorities hold colleges and universities accountable for increasing student graduation and completion rates and closing equity gaps for underrepresented students.**
- 5) **Improve the coordination between our high schools, two year colleges and four year universities with regards to early college preparation, assessment, and transfer.**

Higher Education Needs Champions

This plan requires strong leadership at the state level and at our colleges and universities. New legislative champions need to be identified and cultivated that are truly committed to higher education and are unwilling to preserve the status quo and who care about funding AND accountability. We need legislative champions and a Governor who will tackle the highly politicized fundamental finance models that only incentivize college access with little attention to college completion rates. We need legislative champions and the Governor to recognize that in this era of limited resources, we must be more fiscally responsible with precious taxpayer dollars, and put forward policies that demand improved student success.

Strong Leadership at our Colleges and Universities

This fall, two of our most seasoned and well respected college leaders will retire. We need new leadership that will:

1. Serve as a champion and leader for their system to advocate for strong state support, manage an efficient operation, and have clear accountability to students and the public;
2. Provide courageous and visionary leadership to expand and deepen the implementation of college completion initiatives including efforts to improve graduation rates and close equity gaps for Latino, Black, and Asian Pacific Islander students;
3. Be committed to strengthening the intersegmental coordination and cooperation between the CSU and the Community College system. The new Chancellors must be committed to continuing the rigorous implementation of historic transfer reform, ensuring a streamlined pathway for students from community colleges to the CSU while improving success rates for transfer students.
4. Prioritize limited resources to provide the greatest possible enrollment of eligible California students while significantly improving student success as measured by persistence, retention, and graduation rates; and,
5. Relieve the uncertainty facing students and families by working towards a fee policy that ensures tuition increases are moderate and predictable.

We expect much from the next Chancellors and the governing bodies that oversee our higher education system, but we must also provide them with clear expectations and adequate resources to do the job.

Coordinating Body with Real Power

A plan for higher education in California needs a strong coordinating higher education body to monitor and press it forward. A coordinating body must be the keeper of data systems across the segments to measure progress and outcomes. A coordinating body must have the statutory authority to hold the segments and their respective campuses accountable to a statewide plan for access, completion, and closing equity gaps. Without a coordinating body, accountability and long-term sustainability of this plan across the segments will be difficult, if not impossible. I am not proposing simply a reinstatement of the California Postsecondary Education Commission, but either a new body with real authority or expanding coordination within the only higher education body in the state, the California Student Aid Commission.

Support Increased Funding for Higher Education

State budget cuts have had a detrimental effect on California's institutions of higher education. This past year alone, our colleges and universities have absorbed \$2.1 billion in cuts with additional trigger cuts of at least \$800 million in the coming year if Proposition 30 fails. These are the largest cuts faced by any function of state government and represent a decade long trend of disinvestment in higher education despite growing enrollment.

Our public colleges and universities have been forced to ration education. In fact, nearly 140,000 students were turned away from community colleges in 2010-11 due to budget reductions. The UC has admitted a growing number of out of state students despite the growing number of eligible Californians who meet their even more selective admissions criteria. At the CSU, almost 15,000 students meeting eligibility criteria were not offered admission and enrollment for the spring of 2013 has been frozen.

These enrollment reductions are hardest on incoming students but budget cuts are also changing the rules of the game for many students already enrolled. Enrolled students face unpredictable tuition hikes and financial aid availability, fewer course offerings, program elimination, and huge reductions in student support services.

Passage of Proposition 30 is critical to stop the bleeding of the higher education budget. Should Proposition 30 pass, our colleges and universities must be the best stewards of the new resources as possible by re-opening enrollment and prioritizing students on a path toward completion.

In the long-term, the state must continue to identify stable revenue streams for our institutions of higher education, put forward a strategic plan for completion, and put measures in place to reward colleges and universities for improving student success and completion.