

Cumulative Impact: How cuts to higher education in the recent past, today and in the near future will affect access and opportunity for California's students.

“Cumulative Impact: How cuts to higher education in the recent past, today and in the near future will affect access and opportunity for California's students” is a new report released by the Campaign for College Opportunity by Tim Gage (former Director of the Department of Finance) and Matt Newman of Blue Sky Consulting. By creating a budget projection model building on the methodology used by the Legislative Analyst's Office, the authors analyze how this year's proposed budget cuts will affect higher education in the context of past cuts and upcoming fiscal projections. The report assesses the impact of the 2008-09 Proposed Budget reductions on access to higher education, and addresses what this could mean for students, the higher education institutions, and the state.

If we cut higher education funding, this study finds, ***we are essentially resetting the baseline of support for colleges and universities***, as we did earlier this decade. Even a few years of increased higher education funding only partially mitigates the impact of prior cuts. The cumulative impact of our higher education funding policies, over years and decades, determines whether we create a college-educated population that can meet California's workforce needs and thus propel the state towards a robust future economy.

Ultimately, the report concludes that the cumulative impact of California's declining investment in higher education would diminish opportunities for students and hinder the state's ability to enroll and graduate the number of students necessary to meet the ever growing need for an educated workforce.

Key Findings:

- 1) California has still not recovered from the cuts to higher education earlier this decade, which followed the dot.com crash.** From 2002 to 2005, the UC and CSU each experienced well over \$500 million (half a billion) in funding shortfalls. Community Colleges also experienced significant reductions in both General Fund and property tax revenue during this period. **CSU and UC are already underfunded and over-enrolled this year**, before any of these newest budget cuts would take effect. Both systems already serve thousands more students than current funding provides. With per student funding at only \$5,675, the Community College system operates on such a tight budget that even seemingly small changes in funding can have major impacts on the availability of courses and student services.
- 2) California will continue to feel the impact of the proposed cuts to higher education for another decade to come.** California has a record number of high school graduates, a trend that is expected to continue for the next 2 years.

UC and CSU: The impact of this year's proposed cuts would last well into the future. By 2018, per student funding would be reduced by \$1,800 at UC and \$1,100 at CSU, from projected funding levels without the proposed reductions. ***These new cuts could force UC and CSU to halt their existing student enrollment at current levels***, directly affecting thousands of 10th, 11th, and 12th graders who have worked hard to meet admissions requirements. Even assuming that the state's fiscal position improves enough to allow for increases in next year's higher education budget, ***the two universities together could have to turn away over 27,000 students in the next two and a half years*** (the size of

an entire campus) in order to allow funding to “catch up” with existing enrollment. **Reducing enrollment will result in greater competition for a limited number of slots, likely reducing access for historically underserved communities.** CSU’s recent outreach efforts to underserved students have resulted in double-digit annual increases in enrollment from those communities. Lack of funding for new enrollment will undermine these efforts.

Community Colleges: Because of their mandate as open access institutions, Community Colleges cannot directly restrict enrollment. The system anticipates a roughly 3 percent enrollment growth each year, but the **budget’s proposal to fund only a 1 percent increase results in the loss of funding for the equivalent of 23,000 full-time students.** And, in fact, it is possible that enrollment will exceed this level both because the colleges historically see increased enrollment during economic downturns and because many students turned away from the UCs and CSUs will begin their education at a community college. Over the next several years, **Community Colleges would need to increase class sizes, reduce course offerings, reduce pay increases for faculty and staff and reduce various services to students.** The reduced availability of courses and services will delay the time it takes students to graduate, further raising the real cost of a student’s education, and increasing the likelihood of students veering from their certificate or degree paths.

- 3) Students are disproportionately bearing the cost of education.** Recent, rapid fee increases create a significant challenge to access. Large, unplanned fee increases can significantly disrupt families’ financial plans and send a discouraging message. They take students and parents by surprise and can derail students and families from pursuing their goals. **Since 1998-99 student fees have risen over 35%, after adjusting for inflation, in the UC, CSU, and Community College systems.** California needs a robust discussion about the right balance between students and state shares of contributions to higher education. Gradual, moderate, and predictable fee increases – coupled with financial aid – allow students and families to plan and prepare for their education.

In 1960, the Master Plan for Higher Education promised every Californian that was eligible an opportunity to go to college. The three tenets of the Master Plan are access, affordability, and quality. Higher education is one of the most important investments of public funds made by the state.

This is the very decade that California should be ramping up access and enrolling and graduating more students in order to meet the workforce needs for college educated workers in the coming decades.

According to the National Center for Higher Education Management Systems (NCHEMS), California will need 55% more college educated workers by 2025. Unless we adequately fund higher education, California will be moving in the wrong direction.

FOR MORE INFORMATION

If you have any questions, to receive a full copy of the report, contact the Campaign for College Opportunity via email at info@collegecampaign.org or by calling 1-800-459-9586.

The Campaign for College Opportunity is a California non-profit founded by the California Business Roundtable, the Community College League of California and the Mexican American Legal Defense and Educational Fund (MALDEF) to ensure that the next generation of Californians has the chance to go to college as promised by the California Master Plan for Higher Education. California is experiencing a growing demand for educated workers, requiring more of our youth to go to college and succeed. The Campaign is working together with policy makers, business, community, and higher education leaders to ensure that California’s future continues to be bright.