



## Does California's master plan still work?

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In the latter half of the 1990s, a series of reports bearing sober titles like "Breaking the Social Contract" and "California at the Crossroads" urged California policymakers to prepare for the imminent arrival of baby-boomers' children at the doors of the state's colleges and universities. If the state wasn't ready, the reports warned, the consequences of the predicted surge in enrollments would be dire. One referred to a "hurricane" threatening "California's historic commitment to college opportunity," but the metaphor that came to stand for the coming generation of college students—coined by Clark Kerr, the architect of California's 1960 Master Plan for Higher Education—was Tidal Wave II.

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Some in Sacramento dismissed the rhetoric. "I don't know who's calling it a tidal wave. It's a catchy word. But it's a poor metaphor. A tidal wave is uncontrollable," a staffer with the Legislative Analyst's Office (LAO) told the San Francisco Chronicle, accusing higher education leaders of inflating the projections for their own benefit. In its analysis, the LAO concluded that enrollment would gradually increase but that college participation rates as a percentage of the population would drop, for a simple reason: Latinos, who were growing faster than any other population segment, would continue to attend college at lower rates.

The assumption that those low participation rates could not be nudged up by public policy action was sharply countered by higher education experts, as was the report's recommendation to "manage" enrollment by increasing fees and tightening admissions requirements. "Anybody who would say, as a matter of public policy, that the participation rates among blacks and Latinos are okay is not being realistic about the needs of this state," noted Jerry Hayward, a retired chancellor of the state's community college system.

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A decade later, the tidal wave had yet to hit shore. By 2005, the year that many of the reports used in their analyses, California's public higher education institutions were enrolling roughly 200,000 students fewer than the higher projections had suggested. This was the result of a couple of worrisome trends:

\* A sharp drop in the percentage of students going to college directly after high school. In 1985, about 58 percent of California's high school graduates went straight into a public institution of higher education (the majority into a community college). Twenty years later, the figure had dropped to 46 percent, according to the California Postsecondary Education Commission (CPEC).

\* A continued racial gap in both high school graduation and college participation. Latinos and African-American ninth-graders continued to be much less likely to attend college than white and Asian students (and those who did were much less likely to earn a degree).

The result has been a decline in the state's overall education level. In earlier generations, the Golden State was known for its high education levels—only three states have an over-65 population that is better educated. But among 25-to-34-year-olds, California is now in the bottom half in baccalaureate attainment. In fact, California's early and pronounced slide is a major contributor to falling education levels nationwide. The trend is particularly troubling when contrasted with increasing education rates in other countries.

"People are having a hard time understanding that California is not still at the top of the heap," said John Douglass, an educational historian at the University of California, Berkeley. "Most people have no idea that we have such low BA production rates."

So was the Sacramento analyst right in insisting that no tidal wave was coming? Or did fee increases and admissions restrictions at the state's four-year universities effectively "manage" enrollments away? Or were the lower numbers a case of a self-fulfilling prophecy, in which the state's failure to prepare for escalating enrollments or to stimulate minority college-going effectively curtailed access, as the reports had warned? And is the tidal wave's absence from higher education, for whatever reason, largely responsible for

the declining education levels in the state? Or are low completion rates to blame?

Each of the suppositions has some merit--and several of them might be true. But answers are scarce when the leadership isn't asking the questions. In the years during which California might have been addressing the crisis, the state's higher education leadership structure appeared to be fraying.

#### POLICY LEADERSHIP IN DISARRAY

The California Postsecondary Education Commission (CPEC), never a powerful coordinating body, dwindled from a staffing level of 52 in the early 1990s to just 22 by last year. Only sporadically has a series of education secretaries appointed by Governor Arnold Schwarzenegger even hired a higher education specialist. Meanwhile, a 1990 term-limit law has winnowed the ranks of lawmakers devoted to higher education. "Where's Gary Hart and Al Alquist and John Vasconcellos?" asked Barry Munitz, former CSU Chancellor, recalling some of the previous "legislative lions" for higher education. "There are too many people confused about with whom to even speak to get something done at the state level." By 2008, the legislature's remaining stalwart for higher education, Senator Jack Scott (D-Pasadena), was terming out.

"We have seen state policymaking in the last decade continue to go from pillar to post based solely on short-term political pressures and how many dollars are in the state treasury," noted Steve Weiner, a retired higher education administrator and accrediting official. "As far as I can tell, the leadership of the state of California is completely asleep at the switch when it comes to education, and particularly higher education." Early in 2008, education advocates were still pinning hopes on Governor Arnold Schwarzenegger's promised "year of education in California." But whether the plan even included higher education remained a mystery.

And at that point, leadership transitions and organizational challenges were consuming all the attention at two of the three higher education systems. Interim leaders were heading both the University of California System (UC) and the California Community Colleges (CCC) after the abrupt resignations of the incumbents. UC's Robert Dynes had been pushed out in the wake of damaging exposes on executive compensation practices and a battle with the Regents over the role of the system headquarters. At the 109-campus CCC, Chancellor Marshall Drummond had vacated his Sacramento job to return to his prior post with the Los Angeles community colleges.

The two systems faced opposite problems: UC, which enjoys constitutional autonomy, was dealing with the effects of ten years of bureaucratic accretion, including a 25 percent increase in central office staff, while the CCC had been forced to trim its Sacramento staff by the same percent over the same period. Even before the budget crisis hit in 2008, the community colleges' system office was employing 130 full-time individuals--fewer than UC's information technology staff alone.

By late 2008, the systems had recruited seasoned leaders in UC's Mark Yudof and the CCC's Jack Scott. But as the state battled what one higher education advocate called "one of the most difficult and contentious budget cycles in the state's history," it was unclear whether either of them--or CSU's Charlie Reed--would have the energy or the ability to tackle higher education's underlying challenges or the weaknesses of the California Master Plan.

#### THE MASTER PLAN

For nearly 50 years, California's higher education system has been shaped by the tripartite division of the vaunted Master Plan. The 1960 document's bold vision of access and quality safeguarded a system of selective research universities (the University of California) and provided baccalaureate education through less-selective campuses (the California State University system), while simultaneously ensuring broad access to higher education through a far-flung network of community colleges. The Master Plan has been credited with the state's superior education level and strong public research universities. But as the 50th anniversary of the Plan approached, a vision that could carry California for the next 50 years had yet to materialize--in part because it would require acknowledging the weaknesses of the very durable existing one.

Though the need for a new plan has been obvious to analysts for more than a decade, there simply has been little appetite for addressing--or even acknowledging--the decline in California's educational capital. The Master Plan focuses on the divisions among the systems but not on the educational needs of the state--and certainly not its needs in the 21st century.

Meanwhile, instead of strategies to increase education levels, higher education policy discussions over the last decade or so have been consumed with narrower issues: the unraveling of affirmative action at UC in the late 1990s, a series of fee increases beginning in 2003 that shocked students, and controversies related to executive pay at UC and Cal State--not to mention the episodic budget crises. While each of these has

important implications for higher education's capacity to meet the needs of the state, more fundamental issues went unaddressed and even unmentioned. The forest (the needs of the state and its students) seemed to have been obscured by the trees (the woes of the three powerful public higher education segments).

"In the mid-1990s, the state was projected to face a huge tidal wave of new students," said David Longanecker, director of the Western Interstate Commission on Higher Education (WICHE). "So they responded by creating an elite campus in Merced, serving an enrollment of only a few thousand for the foreseeable future, and a specialized campus in Monterey Bay." In addition to UC's Merced campus and Cal State Monterey Bay, one Cal State campus and five community colleges have opened. "That's eight small campuses to serve an influx of 400,000 students," Longanecker pointed out. "If you were to have a good policy analyst from the moon come down, they would take a look and say there is not a heck of a lot that has changed over the last ten years."

#### LOOKING IN THE WRONG DIRECTION

One explanation for the lack of urgency is that state planners and policymakers were looking at the wrong indicators. As of 2007, there were no warning signs of the economic downturn to come. "You're still third on the New Economy Index; you're still the 12th wealthiest economy," Longanecker told CPEC commissioners at the time. "One of the reasons we see the South making more progress with higher education is because they see themselves as distressed, and the rest of us don't."

In addition, the idiosyncrasies of federal statistics-collection obscure serious deficits in California's performance. While the figures show California ranking among the top dozen states in graduation rates at both two- and four-year institutions, contributing to California's "B" ranking on persistence and completion in Measuring Up, they do not account for two factors. First, a much smaller proportion of students there start at four-year universities, so high baccalaureate graduation rates are not sufficient to build a skilled workforce. Since a greater proportion of students go to community colleges, California's success in educating its population is highly dependent on two-year students' earning degrees.

But second, many federal measures exclude part-time students, and California has proportionally 20 percent more part-timers than the nation as a whole, concentrated in the community colleges. Since part-time students complete college at much lower rates, California's high performance on federally collected graduation rates could lull state leaders into overlooking a problem with completion rates, especially in the community colleges.

For example, on national comparisons of three-year graduation rates for community colleges, California ranked third in 2006, with a 46.3 percent graduation rate (because of an apparent change in calculation methodology, California's federally reported graduation rate dropped even lower, to 33 percent, in 2007). But when part-timers are included, only about a quarter of students who want to transfer or complete a degree or credential do so within six years of enrolling, according to several reports. Sadly, the revelation of those more depressing statistics by independent researchers set off a fierce debate among community college insiders about the correct way to calculate transfer and completion rates instead of provoking a call to improve students' success, regardless of how it is measured.

Not surprisingly, when policy discussions do center around the failure of the state's education system, they invariably concentrate on the poor performance of the state's primary and secondary schools. But the relationship between lack of rigorous K-12 preparation and the low collegiate success rates--especially at community colleges--has until recently been off the policy radar. Likewise, much of the media attention has focused not on those rates but on the highest-achieving students and their relative chances of attending the UC's most elite campuses. With three separate routes into to higher education, the attention has been focused on university eligibility (a zero-sum game), even as half of CSU's students and about three-quarters of those going to community colleges fail to pass placement exams for freshman math and English.

"In 1960 our public colleges and universities served a small and homogeneous portion of the young adult population. Today's public colleges and universities must serve a large and diverse population of students whose demographic characteristics and attendance patterns are profoundly different than in 1960," wrote Nancy Shulock, director of the Sacramento State University Institute for Higher Education Leadership and Policy, earlier this decade.

In particular, the role of the CCC has changed dramatically. The idea of a strong system of public two-year colleges, codified in the Master Plan, was initiated in California. In proclaiming that only the top one-third of high school graduates could attend one of the state's universities, the Plan assigned the community colleges the responsibility to serve any student who could benefit from college. As some postsecondary education has become increasingly necessary for anyone wishing to pursue a family-supporting career,

the community colleges have become more and more important. But until very recently, the state's vision for the CCC has not included completion. "The Master Plan is access, access, access," noted Charlie Reed of Cal State. "Today it's access and completing the degree and getting out and going into this workforce that California has."

California's community colleges are asked to provide that access and success with fewer resources than those in other states--and with even less per-student funding than the K-12 system. Though state subsidies in California approach the national average, extremely low fees and minimal investment in financial aid put the community college system at a serious disadvantage. The colleges receive roughly \$5,500 per student in fees and state funding per year, compared with nearly \$7,000 in other western states, according to WICHE. UC and CSU get \$22,000 and \$12,000 per student, and the K-12 system receives more than \$9,000 for each student enrolled.

#### A POLICY VOID

Whether those allocations are aligned with state priorities is hard to answer in a state that hasn't set any. An opportunity to make degree completion an explicit goal came and went during the three-year period from 1999 to 2002, when the Master Plan was revisited. Despite state Senator Dede Alpert's push to overhaul the plan, the final revision barely altered the original version, aside from the addition of sections on K-12 education. And those modest changes were never enacted into law.

Since then, the only significant departure from the Plan has been the 2005 vote of the legislature to allow Cal State to offer doctorates in education. A 2008 proposal surfaced to extend the doctorate to nursing as well. But serious attempts at goal-setting--such as a 2008 higher education accountability bill authored by Jack Scott and vetoed by Schwarzenegger--have gone nowhere.

"California has basically a structural inadequacy in dealing with the educational needs of California and its long-term competitiveness," said Douglass. "I came to this reluctantly, because I've always had a strong sense of the magic and power of California's tripartite structure. California was an innovator that kept doing things to change the system at the margins. In the last 30 years, it's basically not done anything innovative to its higher education system."

What has passed for goal-setting is a series of "compacts" between the state and its four-year universities, guaranteeing funding and fee levels over a four-year period. The four-year institutions favor the compacts because of the predictability they offer. But that seems to be their main virtue.

"There's no teeth in them," noted Shu-lock. "There are no state priorities. They just require that UC and Cal State report certain things. They don't say we want you to improve transfer or help the state meet its shortage of computer scientists or engineers. The governor just shakes hands with the President of UC and says here's what you're getting. Community colleges don't fit in. They're just micro-managed by the legislature and the Department of Finance."

The compacts have not even been effective at ensuring predictable fee increases, at least for the state's four-year institutions. Between AY 1997-1998 and AY 2008-2009, tuition and fees nearly doubled, from \$4,212 to \$8,027 at UC and from \$ 1,946 to \$3,849 at Cal State (as reported by the California Postsecondary Education Commission). Because the state's recent fiscal crisis forced severe cuts, students at both universities will see a fee hike of 9 to 10 percent for 2009-2010--or more if the deepening budget hole forces another increase. But in the end, the compacts could not save the universities from falling into the state's gaping budget hole. Early this year, when the state was short \$42 billion and nearly out of cash, a special session of the legislature slashed funding for UC and CSU. Only the community colleges retained a small amount of money for enrollment growth--although not enough to absorb a combined influx of students frozen out of the universities and laid-off workers seeking re-training. Many colleges were seeing enrollment increases of 10 percent or more during the academic year.

Left out of the compacts, the community colleges' budget share continues to be unpredictable and politically hard to defend. Under Schwarzenegger, himself a graduate of Santa Monica College, their fortunes rose modestly. Nevertheless, community college leaders have grown weary of being buffeted by the fortunes of the other systems. They attempted a ballot initiative in 2008 to bring more money into their system, insulate it from K-12 budget decisions, and ensure their portion of the state budget while reducing fees from \$20 to \$15 per unit.

"It's a response to an untenable situation," said Dale Shimasaki, a veteran higher education political consultant, at the time. "They're trying to figure out a way to get some stability and not have to fight with K-12 all the time. When you fight adults vs. kids, the kids generally win. It's a loser issue to be boxed in on."

Despite a rare alliance among college presidents, union leaders, faculty, and students (for

whom the fee decrease was predictably popular), the initiative ultimately brought the colleges into direct political combat with K-12. Opposition by the state teachers' union--along with both of the university systems, several business organizations, low-tax advocates, and the governor--imperiled the effort, and early word of the impending budget shortfall effectively doomed it.

But even had the initiative passed, it was no more likely to have remedied the overarching problems faced by the state than the compacts had. If anything, the initiative gambit is a symptom of the state's segmented approach. "While other states are mobilizing in response to the state-by-state report cards issued by the National Center for Public Policy and Higher Education, no such activity has occurred in California, because these state-level measures of educational performance do not have any natural audience," noted Shulock in an analysis of California's governance structure.

#### UNDERACHIEVING REFORMS

Against that backdrop, even the reforms since the mid-1990s that might have addressed some of the systemic problems appear to have had marginal effects at best. For instance, the UC system embarked on various admissions reforms and outreach programs aimed at mitigating the effects of the 1997 prohibition on affirmative action. But the enrollment of the increasing black and Latino student population remained far below their percentage of the state's 18-year-olds. Controversy over UC admissions re-emerged in early 2009 when Asian-American leaders protested UC's new policy to expand the pool of students considered for admission. While likely to increase black and Latino enrollment, the new rules are projected to result in significantly reduced admission of Asian Americans.

Over the same period, Cal State has sought to reduce the need for remediation by various means, including requiring students to take remedial courses as soon as they enroll and by adapting an 11th-grade standards test to provide early information to students about their readiness for college-level work. Though the assessment program has been considered a model K-16 policy by organizations such as Achieve, the results of the entire remediation effort have been modest to date, hardly approaching the original 1996 goal of eliminating remediation. "We have made progress in the math skills, but not in the English," said Reed. "The single biggest challenge in California education is to get people to be able to read with comprehension."

Though it may be one of the state's greatest challenges, the challenge of serving large numbers of students who aren't college-ready is one that has only belatedly become a priority for the state's community colleges. More than 70 percent of community college students who take a placement exam are assessed as performing below college level--the combined result of poor K-12 preparation and delays in college attendance. Of those who take remedial courses in English, only 41 percent attempt a transfer-level class within three years. Even fewer--just 14 percent--do so in math.

Under a new strategic plan, the community college system has heightened attention to remediation. The success of the new "Basic

Skills Initiative" is far from guaranteed, but failure is not an option if the state is to remain competitive. Unlike Cal State, the community colleges unfortunately have not yet announced clear targets for improved outcomes. Because of their federated structure, with much authority resting within 72 independent boards of trustees, reforms in the community college system tend to move slowly and lack statewide coherence.

#### NEW LEADERSHIP

In the last several years, a set of organizations--including the Campaign for College Opportunity and the California EDGE (Education, Diversity, and Growth in the Economy)--have brought new attention to the educational needs of the state. So have a series of reports by the Public Policy Institute of California. But it is far too early to know whether that awareness will be robust enough to translate into a coherent set of policies.

If it does, it may depend on the ability of the new leaders of UC and the CCC to move beyond or transcend the limitations of the Master Plan. Mark Yudof of the University of Texas, the first outsider to run UC in more than a century, was charged with trimming the bureaucratic bloat that was threatening to undermine the system's overall effectiveness. Yudof's experience and mindset were considered right for the job, even though his compensation package of more than \$800,000 (nearly double his predecessor's) was raising the very same eyebrows as the university's previous questionable executive pay practices did.

The CCC vacancy was harder to fill, given that bureaucratic starvation at the chancellor's office made the job less appealing than many campus and district positions. The small staff, small salary, and lack of authority were widely understood to have sped Drummond's return to Los Angeles. The historically weak central office is at once a product of the system's belief in local autonomy and a sign of the low priority assigned the

community colleges and their students. The colleges' success in recruiting Scott—a former college president who had just completed his term as chair of the Senate Education Committee—and the increasing awareness of the colleges' importance may help bring about a re-evaluation of that position.

The current presence of strong policy-minded leaders at the helm of all three institutions has raised the possibility of a serious higher education policy agenda. Both Reed at Cal State and Yudof in Texas led their institutions to participate in a voluntary accountability system, and Scott had spent several years shepherding accountability legislation. But whether the three will attempt to re-write the rules of the game, not to mention succeed at the task, is far from clear.

In spite of the state's budget challenges, early 2009 brought a few signs of movement. An effort to align college-readiness expectations across the systems got underway: the three systems joined with K-12 in the American Diploma Project, and the community colleges signed on to CSU's college-readiness test for 11th graders. A three-way agreement was also reached about the need to boost community college transfer, and a "Yudof Education Imperative" focused on improving the education pipeline. Observers who have watched such initiatives come and go to little effect wondered whether this time, as the Master Plan's 50th anniversary approached, something would be different. Legislators remained suspicious of higher education's motives—particularly those of the UC system, which was still recovering from the executive compensation scandal. A measure to revoke UC's constitutional autonomy was introduced by a bipartisan group of legislators in both houses. With that backdrop of deep mistrust and a fiscal predicament that threatened to consume the entire policy agenda, some observers were skeptical that any positive movement was possible.

Early in the year, before voters rejected measures that would have held a budget deal together, CSU's Reed was more optimistic. Inspired by President Obama's goal of having the best-educated workforce in the world, Reed set a goal of increasing CSU graduates from 92,000 a year to 150,000 by 2020.

"People are just beginning to wake up," he said. "The general public, policymakers, legislators—everybody—has realized in the last couple of years that if California is going to reclaim its spot as the sixth or seventh largest economy in the world, if Californians are going to have a quality of life, it will take a major increase in the number of college graduates. It will depend on what I call a new workforce. This workforce is coming from a pipeline that is filled with students of color. California's economic future, its cultural and community future, is tied to how well-educated its citizens are going to be. California needs to once again serve as a national model—this time in partnering with our schools to help students of color prepare for postsecondary education and attain college degrees.

"Can California continue to reinvent itself every decade or so?" Reed asked. "Higher education has always played a role in every decade that that has happened." As a worsening fiscal environment imperils all of education in California, it is a story that the rest of the nation will want to follow. After all, the saying has it, as California goes, so goes the nation.

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#### RELATED ARTICLE

If higher education's troubles in California have their own contours, they are also symptomatic of the outmoded structures that have hobbled policymaking generally in the state. By May, voters' rejection of a series of ballot measures opened up a \$24 billion deficit, laid bare the state's policy paralysis, and brought California to the brink of disaster.

As Governor Arnold Schwarzenegger and legislative analysts released proposals for closing the gap, just about everything was on the table: Poor children could lose health insurance, hundreds of state parks could be closed, thousands of prisoners could be released, the K-12 school year could be seven days shorter, and the state welfare-to-work program could be shuttered. State employees, after sacrificing 9 percent of their salary through furloughs, were slated to lose another 5 percent of their take-home pay.

For higher education, the crisis is likely to continue squeezing out enrollment just when more students are seeking to attend school. In addition, Schwarzenegger threatened to eliminate the state's need-based financial aid program and end state subsidies to professional schools. Legislative analysts also recommended a fee increase for the community colleges and an additional 5 percent hike for the universities. Other proposals included increasing class sizes, increasing teaching loads, and eliminating athletics programs.

Any of the proposed cuts could further erode the ability of higher education in California to reach goals like ensuring access, maintaining affordability, and increasing completion rates. Taken together, the cuts could be devastating. But the cashflow crisis has all but eliminated the notion of sacred cows. It has also made clear that even if the fiscal situation improves in a few years, California isn't likely to solve its higher education challenges until and unless it charts a course out of the political stalemates and management failures that led to its current dilemma.

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