



## RESTORING THE PROMISE OF CALIFORNIA'S MASTER PLAN FOR HIGHER EDUCATION

*"The University of California is struggling with budget woes that have deeply affected campus life. Yet the system's nine colleges still lead the nation in providing top-flight college education to the masses... And yet American society seems to be making less of this broad effort than it once did. California, rather than making another push to bring college to the masses, is taking small steps in reverse. With state funding declining, the University of California has been enrolling fewer in-state students (even as the population keeps growing) and a greater number of affluent students from other countries and states." -- New York Times September 16, 2015<sup>1</sup>*

- The Master Plan was created to reduce duplication between three higher education sectors by providing specialization of missions to increase efficiency and expand opportunities for students
- The key principles behind the Master Plan are still valid today
  - Access
  - Affordability
  - Quality
- The Master Plan succeeded
  - California has the reputation of having the best public higher education system in the world<sup>2</sup>
  - California universities emphasize upward mobility<sup>3</sup>
  - California has the most effective pathway from the Community Colleges to UC and CSU<sup>4</sup>
  - The efficiency created by the Master Plan's specialization saves money<sup>5</sup>
  - Public higher education costs taxpayers less than subsidizing private higher ed<sup>6</sup>
- The fact that the Master Plan is embedded in state policy provides a coherent conceptual view of what public higher education should be
- The Master Plan is still relevant today as people rediscover its principles. We know we can implement this in California, since we did it for decades
- The crisis in higher ed is not due to the failure of the *principles* in the Master Plan, it is due to political decisions by politicians (mostly governors) to abandon it
  - Schwarzenegger implemented far-reaching privatization
  - Brown is cheap and offended by UC's arrogance
  - Double hypocrisy: Politicians want higher ed to be public and accountable but don't want to pay for it; higher ed leaders want the money but not the accountability

- The central problem is the political decision to deprioritize higher ed and shift it from a public to a private good
  - Higher education is consistently cut more than any other major general fund program area (from 15.9% of state general fund in 1984-85 to 11.6% in 2014-15)<sup>7</sup>
  - Brown’s legacy will be even weaker higher ed infrastructure
- Reduced Access
  - In 2000 all three segment had sufficient capacity to accommodate all students<sup>8</sup>
  - UC is now short capacity for 20,000 students, CSU 25,000 students, and Community colleges 450,000 students<sup>9</sup>
  - California employers will face a workforce shortage of 1 million graduates within 10 years<sup>10</sup>
  - Private colleges cannot match the scale of public universities<sup>11</sup>
  - Community Colleges’ focus on transfers to UC and CSU, combined with limited resources, means disenfranchising vocational and other programs<sup>12</sup>
  - With UC and CSU enrollment constrained, increased use of community colleges for first two years, meaning increased 3<sup>rd</sup> and 4<sup>th</sup> years students at UC and CSU, will reduce access to UC and CSU for freshmen
- Reduced Affordability
  - Fees dramatically increase
  - Dramatic increase in student debt

| Funding per full time equivalent student (2015 dollars) |              |             |          |              |             |          |                    |             |         |
|---|--------------|-------------|----------|--------------|-------------|----------|--------------------|-------------|---------|
|   | UC           |             |          | CSU          |             |          | Community Colleges |             |         |
|   | Tuition/fees | State Funds | Total    | Tuition/fees | State Funds | Total    | Tuition/fees       | State Funds | Total   |
| 2000-01   | \$5,364      | \$23,627    | \$27,221 | \$2,488      | \$11,514    | \$13,181 | \$298              | \$3,641     | \$3,938 |
| 2015-16   | \$13,200     | \$12,848    | \$21,692 | \$5,472      | \$8,093     | \$11,759 | \$920              | \$4,214     | \$5,134 |
| % change  | +146%        | -46%        | -20%     | +120%        | -30%        | -11%     | +209%              | +16%        | +30%    |

- Falling Quality
  - Fee increases not large enough to cover the cuts in state funding at CSU and UC (table)
  - Students face more large lecture classes, less interaction with faculty, more scheduling difficulties
  - Lack of class capacity leads to longer times to graduation
  - California now funding higher ed at levels 20% below average of other states<sup>13</sup>
  - The legislature has asked UC to add 5,000 new students for \$5,000 in state funding per student (just over 1/3 the 2015-16 or 1/5 the 2000-01 per student funding)
  - Reduced support for graduate and professional programs
- Coping strategies have made the problem worse
  - Higher tuition
  - Reducing the number of students
  - More out of state students

- Unrealistic efficiencies
  - More part-time adjuncts and fewer tenured faculty
  - Priorities of donor class (fancy stadiums, art museums, conference centers)
  - Cuts to state-funded public interest research
  - Money losing public-private partnerships
- Creates a downward spiral of breaking the bond between the public and public higher ed
- Students (especially those who used to be served by Community Colleges) have been pushed into high cost, low quality for profit schools
    - Many have been charged with deceptive or fraudulent practices or have gone bankrupt, preventing students from completing degrees<sup>14</sup>
    - Most of the increase in student loan defaults is from for-profit schools<sup>15</sup>
- Problems of reduced access and affordability have been recognized in national policy discussions
    - President Obama<sup>16</sup>
    - Democratic candidates Hillary Clinton<sup>17</sup> and Bernie Sanders<sup>18</sup>
    - Tennessee Republican Governor Bill Haslam<sup>19</sup>
    - These proposals still frame higher education as a private good that some people need help purchasing rather than a public good that should be available to all
    - Not addressing quality
- Restoring the Master Plan has been aggravated by fragmentation of higher ed advocates
    - Three sectors competition for shrinking pie
    - Students (and families) are transient, mostly interested in tuition
    - This situation is starting to change (as evidenced by this conference)
- Solution is to restore the promise of public higher education
    - Roll back tuition and fees to 2000-1
    - Return per student funding to 2000-1
    - Fund seats for all qualified students in all three sectors
    - Return out-of-state admissions to 2000-1 levels
    - Not expensive
    - If done as an increment on the income tax, would cost the median family \$31<sup>20</sup>

For more information, contact Eric Hays, CUCFA Executive Director ([info@cucfa.org](mailto:info@cucfa.org)), or Stanton Glantz, CUCFA President ([glantz@medicine.ucsf.edu](mailto:glantz@medicine.ucsf.edu)).

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<sup>1</sup> <http://www.nytimes.com/2015/09/17/upshot/californias-university-system-an-upward-mobility-machine.html>

<sup>2</sup> US News rankings are still, controversially, the standard for this type of general statement, and 6 of the 12 “Top Public Schools,” including the top 2, are California institutions: <http://colleges.usnews.rankingsandreviews.com/best-colleges/rankings/national-universities/top-public>

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<sup>3</sup> 8 of the 9 undergraduate UC campuses and 11 of the 23 CSU campuses appear on National Public Radio's Top 50 colleges that "Emphasize Upward Mobility." <http://www.npr.org/sections/ed/2015/09/21/441417608/the-new-college-scorecard-npr-does-some-math>

<sup>4</sup> California utilizes all of the current best practices defined by the National Conference of State Legislatures <http://www.ncsl.org/documents/educ/student-transfer.pdf>

<sup>5</sup> Since the 1960s when the Master Plan was created, California spent less on higher education than other states. Between 1989 and 2007, California had a strong accessible higher education system despite spending an average \$909 per student (in 2014 dollars) less than the US average in total state and local funding plus tuition and fees. This is according to the national association of State Higher Education Executive Officers (<http://www.sheeo.org/sites/default/files/publications/All%20States%20Wavechart%202014.xlsx> ) who go on to estimate that 5.5% of the cost savings in California is due to the higher education mix we have, the higher community college enrollment that was designed by the Master Plan.

[http://www.sheeo.org/sites/default/files/SHEEO002\\_2014AdtlDocs\\_TechB\\_Rd2.pdf](http://www.sheeo.org/sites/default/files/SHEEO002_2014AdtlDocs_TechB_Rd2.pdf)

<sup>6</sup> Because the endowment earnings are not taxed, the public subsidizes students at private universities. When this tax subsidy is included in calculations of the cost to taxpayers of each higher education student, Stanford costs taxpayers 6 times as much as UC and 15 times as much as CSU. ([http://nexusresearch.org/wp-content/uploads/2015/06/Rich\\_Schools\\_Poor\\_Students.pdf](http://nexusresearch.org/wp-content/uploads/2015/06/Rich_Schools_Poor_Students.pdf) )

<sup>7</sup> [http://www.lao.ca.gov/sections/econ\\_fiscal/Historical\\_Expenditures\\_Source.xlsx](http://www.lao.ca.gov/sections/econ_fiscal/Historical_Expenditures_Source.xlsx)

<sup>8</sup> <http://www.cpec.ca.gov/completereports/2000reports/00-01.pdf>

<sup>9</sup> The California Postsecondary Education Commission, which had the responsibility for long-range planning for California's public higher education, was defunded by Governor Brown and closed its doors at the end of 2011. The latest CPEC enrollment forecast is at: <http://www.cpec.ca.gov/completereports/2010reports/10-08.pdf>

<sup>10</sup> <http://www.ppic.org/main/publication.asp?i=835>

<sup>11</sup> <http://www.sfgate.com/opinion/openforum/article/California-needs-to-reinvest-in-public-higher-5888598.php>

<sup>12</sup> During the recession, "course sections (classes) were reduced by approximately 25 percent due to state funding reductions. Non-credit course sections saw a bigger decrease of approximately 38 percent."

<http://www.californiacommunitycolleges.cccco.edu/PolicyInAction/KeyFacts.aspx>

<sup>13</sup> <http://www.sheeo.org/sites/default/files/publications/All%20States%20Wavechart%202014.xlsx>

<sup>14</sup> <http://www.law360.com/articles/669162/the-for-profit-school-a-bankruptcy-trend-worth-watching>

<sup>15</sup> <http://www.brookings.edu/~media/projects/bpea/fall->

[2015\\_embargoed/conferencedraft\\_looneyannelis\\_studentloandefaults.pdf](http://www.brookings.edu/~media/projects/bpea/fall-2015_embargoed/conferencedraft_looneyannelis_studentloandefaults.pdf)

<sup>16</sup> Obama's plan (as described by the NYT): <http://www.nytimes.com/2015/08/15/your-money/revised-program-will-reduce-student-loan-repayments.html>

<sup>17</sup> <https://www.hillaryclinton.com/p/briefing/factsheets/2015/08/10/college-compact/>

<sup>18</sup> <http://www.sanders.senate.gov/download/collegeforallsummary/?inline=file>

<sup>19</sup> <http://driveto55.org/initiatives/tennessee-promise/>

<sup>20</sup> <http://keepcaliforniaspromise.org/473424/reset-2015-16>