



# CPEC

## READY OR NOT, HERE THEY COME Projections for Public Higher Education, 2009–2019

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### Executive Summary

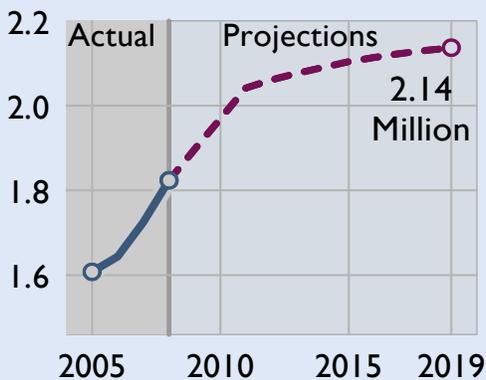
The California Postsecondary Education Commission (CPEC) prepared enrollment demand and capacity projections for the three public systems for 2009–2019, which show:

The state should prepare for nearly 400,000 additional students by 2019. If the state is unable to fund growth and the systems cut enrollments, the loss in college opportunity could affect 277,700 or more students by 2010–11.

#### Mid-Range Enrollment Projections

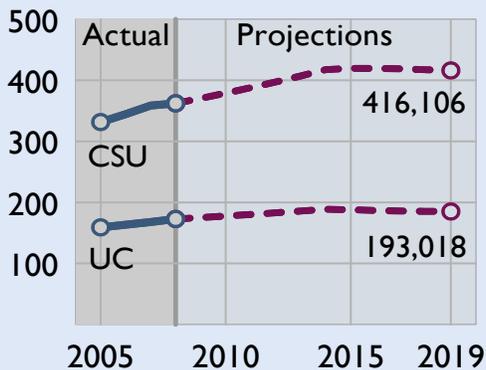
##### California Community Colleges

(in millions)



##### CSU and UC

(in thousands)



Enrollment and physical capacity projections provide evidence of undergraduate demand and a persistent threat to access when the public higher education systems face budget cuts, limited capacity and restricted enrollments.

CPEC recommends that the Governor, the Legislature, and the higher education systems use the Mid-Range Forecast provided in the projections for planning and budgetary purposes.

The Mid-Range Forecast is the most likely scenario because it incorporates factors presumed to boost undergraduate participation rates, including:

- A rise in unemployment resulting in an increase in the number of students returning to the community colleges for career development and workforce training.
- School reform efforts aimed at increasing college preparation.
- Federal funding to enhance college-going.
- A call for California to increase degree production by one million graduates to meet workforce demand.

Enrollment demand is an estimate of the total number of qualified prospective and continuing students who would enroll in public higher education in any year at current fee levels if enrollments were not constrained by state funding.

The Mid-Range Forecast continues upward trends in participation for some age groups for the first three years, then holds rates constant for the remaining years. The Baseline Forecast holds participation rates constant at 2008 levels.

CPEC advises the Governor and Legislature on higher education policy and fiscal issues. The Commission's primary focus is to ensure that the state's educational resources are used effectively to provide Californians with postsecondary education opportunities.

The community college model considers historical college enrollments and participation rates by age group and ethnicity. Participation rates represent the proportion of Californians by age group and ethnicity enrolled at a community college. The model for UC and CSU considers first-time freshman eligibility rates, freshman participation rates, community college transfer rates, and persistence and graduation rates.

### Enrollment Projections

The Mid-Range Forecast projects that total undergraduate enrollment demand is expected to increase from 2.36 million students in fall 2008 to 2.75 million students by fall 2019, representing a 16.4 percent increase and 387,000 additional students. About half of the projected increase is due to population growth and the remainder is due to anticipated improvements in college-going rates.

The Baseline Forecast predicts that if rates were to remain constant over the projection period, which is unlikely, demand could total 2.55 million by 2019, representing an 8.1 percent increase and 191,000 additional students.

As shown in Display 1, community college enrollment demand increases by 17.2 percent or 313,263 additional students; CSU by 15 percent, or 53,880 additional students; and UC by 11.7 percent, or 20,243 additional students.

If the state had adequate operational and capital resources to fully fund undergraduate demand, significant progress would be made in the enrollment of underrepresented students, as shown in Display 2. The Mid-Range Forecast shows large gains in enrollment demand by Latino students and significant gains for Asian, American Indian, and Black students. Between 2008 and 2019 at all three systems, the representation of Latino students increases over 40 percent. Asian representation increases by over 16 percent, and American Indian increases at least 11 percent. The White/Other category drops slightly, coinciding with a projected population decline.

Unless the state makes appropriate investments in student access, college-going, and degree attainment, the next generation of young adults will be less educated than previous generations and this lower level of educational attainment will have a draconian effect on the health and welfare of California.

Display 1 Mid-Range and Baseline Forecasts

Mid-Range	CCC	CSU	UC
2008	1,823,516	362,226	172,775
2009	1,897,197	370,371	176,284
2010	1,969,143	378,910	179,960
2015	2,103,820	419,572	195,880
2019	2,136,779	416,106	193,018
% Change	17.2	14.9	11.7
Baseline	CCC	CSU	UC
2008	1,823,516	362,226	172,775
2009	1,848,564	366,068	175,137
2010	1,870,653	370,142	177,612
2015	1,949,873	389,129	187,934
2019	1,981,497	383,829	185,048
% Change	8.7	6.0	7.1

Display 2 Mid-Range Forecast – Enrollment Demand by Ethnicity

Fall term	CCC	CSU	UC
American Indian			
2008	17,045	2,796	981
2019	19,572	3,167	1,097
% Change	14.8	13.3	11.8
Asian			
2008	317,639	74,174	70,886
2019	371,272	86,345	82,510
% Change	16.9	16.4	16.4
Black			
2008	146,196	24,897	6,125
2019	157,262	27,657	6,410
% Change	7.0	11.1	4.7
Latino			
2008	610,403	101,945	29,021
2019	855,939	154,516	44,658
% Change	40.2	51.6	53.9
White/Other			
2008	731,453	158,414	65,762
2019	732,734	144,421	58,343
% Change	0.2	-8.8	-11.3

## Marginal Cost Analysis and Public Investment

In order for the state to accommodate the projected increase of 400,000 undergraduates, CPEC estimates that the systems will need \$1.5 billion more in instructional support in 2019 than they received in 2008 through a combination of state apportionments and student fee revenue. Fully funding the projected annual average enrollment growth would require \$139 million in each of the next ten years.

Because the systems have been serving more students than budgeted for, the 2008–09 actual budget levels are not appropriate for baseline comparisons unless they include funds for currently unfunded full-time equivalent students (FTES). FTES is used to calculate the enrollment of California residents taking 15 course units. This is how the state funds higher education through the Budget Act. For UC, this amounts to an additional \$121 million to backfill for 11,000 unfunded FTES, \$112.4 million for CSU to backfill for 14,000 unfunded FTES, and \$225.1 million for the community colleges to backfill for 53,000 unfunded FTES. Display 3 shows that, once these augmentations are made, the systems will need about \$1.53 billion more in 2019 than the adjusted 2008–09 General Fund levels.

It is important to consider that the data are in constant 2008 dollars. Assuming an annual inflation rate of 2 percent, the 2019 figure would be \$1.87 billion, or an annual average growth need of \$170 million per year. In addition, the marginal cost analysis does not include graduate enrollment growth needs, nor does it include capital outlay needs to support facility construction, renovation, or modernization.

### Display 3 Mid-Range Forecast – Marginal Instructional Cost, 2008–2019

	Additional Headcount	Additional FTES	Cost per FTES (2008 dollars)	\$ – millions	11-year average (\$ – millions)
CCC	313,263	225,549	\$4,247	\$957.9	\$87.1
CSU	53,880	44,720	\$8,029	\$359.1	\$32.6
UC	20,243	9,170	\$11,000	\$210.9	\$19.2
Totals	387,386	289,439	—	\$1,528.0	\$139.0

## Loss of College Opportunity

There will be a loss of college opportunity if, as currently anticipated, community college districts hold enrollments constant at 2008 levels, CSU reduces enrollments by 40,000 students, and UC reduces first-time freshman enrollments by 2,256 students (2,136 FTES). As shown in Display 4, the total net loss across systems by 2010-11 is at least 282,039 prospective students or 210,770 FTES.

### Display 4 Potential Loss in Undergraduate College Opportunity

Potential loss in opportunity	Enrollment management
Community colleges –219,308	May hold enrollments constant at 2008 levels because of uncertain enrollment growth funding.
CSU –55,823	May reduce enrollments by 40,000 because of budget uncertainties.
UC –6,908	Freshmen enrollments reduced by 2,256 students (2,136 FTES) during 2009-10 and a proposed additional reduction of 1,584 (1,500 FTES) for 2010-11.
Total Headcount Loss –282,039	Opportunity loss could be reduced significantly if the Legislature adopts the Governor's enrollment growth plans.
Total FTES Loss –210,770	

## Need for Capacity

CPEC estimates the current physical capacity to meet enrollment demand by obtaining the total assignable square feet (ASF) of lecture and laboratory space by campus for each system. The state-adopted space and utilization standards were used to convert ASF physical capacity to FTES capacity. Laboratory capacity standards allow for various levels of ASF per station and various occupancy rates, depending on the discipline and course level. On average, every 100 FTES of lecture space will support 15.5 FTES, and 100 ASF of lab space supports about 1.5 FTES at CCC and about 2.7 FTES at UC and CSU.

Each system will need to expand its physical capacity to meet enrollments by 2019. CPEC's analysis shows that 79 percent of community college districts, 78 percent of CSU campuses and all the general UC campuses except UC Merced are experiencing capacity pressures. As shown in Display 5, the community colleges will need space for 425,163 additional FTES, CSU will need the physical capacity to serve 149,020 additional FTES and UC will need capacity for 41,172 additional FTES by 2019.

## Return on Investment

A 2005 study performed by the UC Berkeley Survey Research Center, "Return on Investment," shows that for every new dollar California invests in college completion, it will receive a net return of \$3. The report, commissioned by the Campaign for College Opportunity, noted that California would realize a positive balance ten years after students complete their education. By the time graduates reach age 35, the state's initial investment would be fully repaid.

If the mean net return of \$3 per additional instructional dollar expended is applied to CPEC's estimate of \$1.5 billion in instructional costs needed to fund demand over the next ten years, the state would reap a bonus of more than \$3 billion for a \$1.5 billion initial investment. This figure is tenuous at best, because although CPEC's projected college-going rates are similar to those used in the UC Berkeley study, the CPEC study holds degree completion rates constant at 2008 observed levels — the highest posted to date by the public higher education systems.

CPEC intends to partner with the Campaign for College Opportunity and the UC Berkeley Survey Research Center to derive a valid estimate of the net dollar return to the state for funding growth in undergraduate enrollment demand. The analysis will be based on CPEC's college-going estimates, which are detailed by system, admissions status, ethnicity, and age group.

### Display 5 FTES Lecture and Laboratory Capacity Analysis

	CCC	CSU	UC
Projected headcount demand, 2019	2,136,779	594,437	238,293
Projected FTES demand, 2019	1,538,481	493,382	225,643
Current FTES capacity	1,113,318	344,362	184,470
Additional FTES capacity needed by 2019	425,163	149,020	41,172

UC and CSU projected headcount demand includes graduate and undergraduate FTES.