HIGHER EDUCATION UPDATE

NUMBER UP/01-1
FEBRUARY 2001

News from the

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

Alan Arkatov, *Chair*
Carol Chandler, *Vice Chair*
Phillip J. Forhan
Robert A. Hanff
Lance Izumi
Kyo "Paul" Jhin
Velma Montoya
Ralph R. Pesqueira
Guillermo Rodriguez, Jr.
Evonne Schulze
Khyl Smeby
Howard Welinsky
Melinda G. Wilson

Warren H. Fox
Executive Director

1303 J Street, Suite 500
Sacramento, California 95814-2938
Telephone (916) 445-7933 (Voice)
FAX Number (916) 327-4417

A Blueprint for Progress: Legislative and Budget Priorities for the Year 2001

Introduction

At the outset of a new millennium, Californians have just elected a number of new legislators who, in joining their peers already in office, begin work in January on the 2001-2002 legislative session. And, while myriad issues - transportation, health care, environmental protection — will compete for their individual and collective attention, it is certain that chief among these priorities is the need to continue addressing California's burgeoning demand for higher education enrollment and resources. How policy makers meet this challenge may well determine the extent of California's continued economic and social vitality.

In fulfilling a statutory responsibility to provide the Administration and Legislature with policy analyses and recommendations on vital issues, the California Postsecondary Education Commission develops and annually adopts a set of legislative and budget priorities. This report presents those priorities for the year 2001. They were discussed at the December meeting and returned for action in February 2001. As adopted by the Commission, these legislative and budget priorities will be circulated to the Governor, legislators, higher education sectors, and others concerned with postsecondary education issues. This document serves too in guiding Commission staff throughout the coming year as it addresses higher education issues and legislation.

Building upon the analyses and findings in two major interlocking Commission reports adopted in 2000 - *Providing for Progress: California Higher Education Enrollment Demand and Resources into the 21st Century* (Report 00-1), and *Policy for Progress: Reaffirming California Higher Education Accessibility, Affordability, and Accountability into the 21st Century* (Report 00-3) — the Commission continues to believe that the intertwining principles of Access, Affordability, and Accountability are fundamental to the future of both California postsecondary education institutions and the students they serve. Collectively, this set of Commission priorities for the upcoming legislative session is intended to be a *Blueprint for Progress* in addressing and identifying the specific priorities and higher education challenges on which California should focus its efforts.

A contextual setting: an expanding economy, a growing and increasing diverse population, use of technology

Economic growth - The year leading to a new millennium has seen a continuation of the historic expansion of California's economy that began in the mid-1990s. One result is that, for the past three years, state tax revenues have vastly exceeded initial estimates and the strength of the economy. As reported in the Commission's *Fiscal Profiles 2000* (Report 00-7), the current State Budget allocates just under $100 billion and reflects a total of more than $4.3

billion in new revenues over the proceeding two years. And, although all experts do not agree on the exact figure, it is clear that the State will end the 2000-2001 budget year with a budget surplus in the billions.

An expanding economy has allowed State government to responded by investing in a variety of public services, including postsecondary education and student financial aid. However, as noted later in this report, a State higher education funding policy that is linked to the potential -- some would argue the inevitable -- "boom and bust" economic cycle is not in the best interest of California Higher Education.

Demographic change - As the Commission's recently adopted reports document, the timing for an economic boom in the state could not have been better. California's population continues to grow annually by some 600,000 people and now approaches 35 million. Moreover, the proportion of California's population that most likely will seek a college education keeps increasing. These demographic changes, coupled with the growing realization that a college education is vital to future prosperity, fuels an increasing demand for educational opportunities beyond high school. In *Providing for Progress*, the Commission projected that over 714,000 new students will seek enrollment in California's three systems of public higher education by the year 2010.

More diversity - California's rich diversity adds unique elements to planning and policy making. Economic diversity, as well as demographic, environmental, geographic and social diversity, will challenge policy makers. That diversity of needs in California's population can lead to multiple challenges, often limiting access to quality K-12 education and preparation for success in higher education.

Technology growth and increased application to education - The increase in technology and its many applications for learning and teaching are necessary elements in achieving the goals of *Access, Affordability and Accountability* in California higher education. At present, all California colleges and universities use the Internet and other forms of technology in their day-to-day operations. Technology, in addition to its administrative applications, is being used to both enhance teaching and learning and to provide additional outreach opportunities to students. Students come increasingly from diverse backgrounds and have a widening variety of educational needs. By lessening the differential impact of time and space on instruction, technology can aid postsecondary students in their quest for a college degree or other certification. New technologies will enable them to receive their education at any time and any place — on a campus or off. Each student will be able to choose from a multitude of knowledge providers the form of instruction and courses most consistent with his or her needs.

Implementing the Blueprint for Progress

The following sections of this report speak to the key elements that the Commission believes should be a part of a *Blueprint for Progress* and which, if implemented, will move California ahead in its efforts to provide every eligible student access to a high-quality education beyond high school, to lessen the uncertainty about affordability during economic downturns, and to increase public assurance that appropriate accountability measures are in place that lead to continued excellence in California higher education.

Based on examination of the issues identified in the Commission's long term planning reports, *Policy for Progress* and *Providing for Progress*, the Commission recommends that the Governor and the Legislature support proposals in the following areas:

Access

The Commission urges the Governor and the Legislature to develop strategies to maintain the California Master Plan for Higher Education's promise to accommodate all students who qualify and desire a college education.

As stated earlier, the Commission expects 714,000 new undergraduate students to enroll in the University of California, the California State University, and the California Community Colleges over the next decade. However, while the demand for undergraduate enrollment has steadily increased, graduate enrollment has remained flat at the University of California, resulting in a challenge of a different nature. The demand for highly educated workers, particularly in engineering and technology, is growing rapidly and the State will soon need to address this imbalance.

Enrolling and ensuring the success of every student, both undergraduate and graduate, in our public institutions will require new and innovative strategies. Historic barriers - both structural and tradition-based - must be removed if the efficiency and effectiveness of the State's postsecondary education enterprise is to be improved. One ex-

ample of structural barriers is California's financing process for higher education and its direct reflection of the economic fluctuations experienced in the state, or the "boom or bust" pattern of financing. Another example is the segmental nature of California's postsecondary systems that often frustrates intersegmental goals such as student transfer. Yet another example is the priority and funding of the State's graduate programs. Other traditions that invite review are the manner in which facilities are funded and current facilities utilization patterns, some of which concentrate educational offerings during only selected times of the day, days of the week, and months of the year.

Transfer of community college students to baccalaureate-degree granting institutions is as important as any other component of higher education access and a critical element in this *Blueprint for Progress*, both because of the large numbers of students it affects and its intersegmental impact. California's community colleges are the primary point of access for the vast majority of Californians pursuing a college education. The Commission estimates that over the next 10 years, the community colleges will need to accommodate approximately 74 percent, (528,918), of the additional 714,000 students expected to seek a higher education. The California Master Plan for Higher Education relies upon a healthy and seamless student-transfer function to provide students beginning their education at a community college with a clear path to a baccalaureate-degree granting institution.

Accommodating Tidal Wave II - new solutions

- The California Community Colleges, the California State University (CSU), and the University of California (UC) should each prepare and implement plans to improve the current use of their educational facilities. This should include, but not be limited to, policy initiatives such as offering year-round instruction, the intersegmental use of educational facilities, greater utilization of campuses during currently off-peak hours, and enhanced usage of technology-mediated learning applications and off-site education geared towards student needs and learning styles.

- California and its public institutions should coordinate planning for the prospective statewide education bond with local education bonds to be presented to the electorate. The recent passage of Proposition 39 reduced the constitutional two-thirds vote requirement for passage of local bonds to a 55-percent super majority. While this measure will greatly aid the bond efforts of the California Community Colleges, a multi-billion dollar statewide education bond is still imperative for the future of access to public colleges and universities. Preplanning on the timing and size of this bond could help alleviate voter perceptions of duplication, waste, or competition between the statewide measure and future education bonds for local K-12 or community college districts.

- As part of its *Blueprint for Progress*, the State should more fully utilize independent and private colleges and universities to accommodate the estimated enrollment demand. The accredited independent institutions in California and the state-approved vocational schools and private colleges have the physical capacity, educational resources and diversity of focus to meet the educational and career needs of many thousands of Californians seeking education beyond high school. State planning should include increased coordination and involvement of these sectors to provide opportunities for success to more Californians. Such a partnership also requires attentiveness to timeliness and accuracy of enrollment and transfer data within the private sector.

- The State should provide, on a regular four-year schedule, funding for the Commission to conduct its report, *Eligibility of California's High School Graduates for Admission to the State's Public Universities.* This report, last completed for the class of 1996, reviews the academic preparation of public high school graduates in the state to determine the congruence between the established freshman admission requirements and the actual proportions of these graduates eligible for freshman admission at each public college and university system. The Commission has conducted this report on a regular basis since 1983. It is a rich information source about high school students' academic preparation for college, and aids the public systems in determining the appropriateness of their admission policies.

Improving transfer and articulation to facilitate the progress of community college students.

- The community college system should continue its efforts to define "transfer-eligible" students and develop

a methodology for annually estimating the size of this student pool. The community colleges, CSU, UC, and the independent colleges and universities should continue to work between and among themselves to examine the current student transfer process in order to make it both more student-centered and more effective.

- The State University and the University of California should expedite faculty initiatives currently underway to clarify transfer student preparation expectations. One such initiative encourages faculty to work together to develop a common understanding of major preparation requirements around the state and to develop more clear and coherent articulation agreements with community colleges.
- CSU, the University, and the independent sector should develop processes to assure that campuses regularly update and guarantee the accuracy of transfer and articulation agreement information placed into California's official transfer information repository, the Articulation System Stimulating Inter-institutional Student Transfer (ASSIST). The campuses should honor all articulation information that is published, so that outdated information does not disadvantage both students and community college counselors.

Affordability

The Commission recommends that the State adopt fiscal policies that reduce the "boom and bust" pattern of higher education funding and student fee levels.

Over a period of time, State support for higher education can resemble a roller coaster: Funding rises in good economic times and then falls sharply when State revenues decline. This " boom and bust" pattern is difficult for colleges and universities to respond to and creates great uncertainty for students and their families. It occurs because most appropriations in higher education are annual and discretionary, thus they fluctuate a great deal. Unfortunately, during State revenue shortfalls, when the economy is weak, and students are least likely to be able to afford high fees, student fees are often raised to backfill for reduced State funding. Conversely, during a period of a strong economy, rather than setting aside any surpluses against a future downturn, student fees are often lowered.

Lessening the impact of budget shortfalls

- To assure that the negative effects of these cycles do not impact students' ability to enroll in college, California should adopt fiscal strategies that conserve resources for higher education during strong economic years, and transfers those resources to the times when they are most needed because of revenue shortfalls.
- As part of a *Blueprint for Progress*, one solution to stabilizing resources and controlling excessive changes in student-fee levels is to create a "rainy day" or trust fund that is vested within the systems. In years of strong revenues, the State could allocate extra resources to build the fund. These savings would then be available to each segment during any year when the increase in State general funds fell below a given level.

Accountability

The Commission recommends that the Governor and the Legislature monitor the system commitments under the partnerships agreed upon by the Governor with the California State University, the University of California, and the California Community College system.

The Commission supports the long-term funding stabilization that the four-year partnerships provide. With their focus on enrollment and capital outlay funding, these agreements will help the systems achieve the Commission's highest priority: providing enrollment opportunities for the next generation of California college students.

Equally important in a *Blueprint for Progress* are the systems' partnership commitments of improvements in areas such as: high school academic preparation, teacher preparation, transfer and articulation, and institutional productivity. The Commission encourages the Governor and Legislature to annually evaluate the Partnerships through an independent, objective review as required. In addition, the Commission supports the long-term objectives for the community colleges system as set forth in the Partnership for Excellence. It is important to regularly assess the community colleges' success in meeting their specific performance measures and goals as set forth in this partnership.

Expanding and improving teacher education

- In recent years, public universities have undertaken efforts to improve and expand their teacher education programs. This area is a key component of the funding and accountability Partnership of the California State University and the University of California. The Commission encourages a continuation of these efforts and increased efforts to attract qualified candidates from diverse backgrounds into this important profession.

Coordinating private postsecondary education activities

- The Commission encourages more coordinated involvement of State-approved postsecondary institutions in meeting the educational needs of California high school graduates. The State authorizes the existence of the hundreds of private, non-accredited postsecondary institutions, which provide opportunities for academic and vocational education, and career training to many thousands of Californians each year.
- Presently this sector is not well integrated into the State's larger postsecondary education enterprise. State oversight of this sector is vested with the Department of Consumer Affairs' Bureau for Private Postsecondary and Vocational Education. The Bureau is encouraged to develop a thorough data base on the institutions it regulates and share this information broadly and to seek greater coordination with other State higher education systems so as to provide Californians with as many opportunities as possible to attain their educational goals. Furthermore, the Commission should continue to play a vital policy role in the private postsecondary enterprise and ascertain its appropriate responsibilities in meeting students' needs in the private sector; this too is part of a *Blueprint for Progress*.

Meeting postsecondary education faculty replenishment

- The Commission encourages the development of practices that replenish, more fully equip, and better diversify the faculty at all postsecondary systems. In the current economy, an increasing number of promising scholars are choosing career paths other than the professorate. In addition, relatively fewer high school and college students are choosing course-taking patterns and degree majors that have historically led to academic careers. The need for postsecondary faculty replenishment is nearly as critical as is that for elementary and secondary education. The renewal of existing faculty, through sabbaticals, increased resources, and other innovations, is important if California is to meet the needs of an increasingly diverse group of new college students.

Improving campus climate in a changing environment

- The Commission encourages continued efforts at the colleges and universities in California to make the campus a place where all students feel valued, enriched, and encouraged. The college campus environment should help students develop intellectually, socially and personally. Students should feel safe, both physically and emotionally, and the main challenges they face should be to grow into responsible and productive adults. The campus climate must encourage this development among all of its students in an increasing diverse and challenging environment.

Conclusion

Daunting challenges face California postsecondary education during the upcoming 2001-2002 legislative session. Legislators will be addressing a number of initiatives, through both the legislative and the budget process, designed to improved California's higher education enterprise. The public systems of higher education and the Joint Legislative Committee to Develop a Master plan for Education, Kindergarten through University will also be working to develop reforms for introduction in the coming session.

As work progresses in all of these arenas, the Commission encourages the Governor and Legislature to use the principles and priorities in this report as the cornerstones for creating and implementing a *Blueprint for Progress* for the more than two million Californians seeking to better their lives through the State's public, independent, and private colleges and universities.