

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE****Assembly Member Kevin McCarty, Chair****TUESDAY, APRIL 3, 2018
9 AM, STATE CAPITOL ROOM 447**

CALIFORNIA STATE UNIVERSITY

ITEMS TO BE HEARD		
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6610 CALIFORNIA STATE UNIVERSITY

The Governor's Budget proposes about \$3.9 billion in General Fund support for California State University (CSU) in 2018-19. Overall revenue for CSU in 2018-19 is estimated to be about \$10.4 billion. The chart below was compiled by the LAO and indicates funding based on the Governor's Budget. It does not include a tuition increase currently being considered by the CSU Board of Trustees. This chart also reflects no 2018-19 enrollment growth.

Figure 24**California State University Funding by Source***(Dollars in Millions)*

	2016-17 Actual	2017-18 Revised	2018-19 Proposed	Change From 2017-18	
				Amount	Percent
Core Funds					
General Fund					
Ongoing ^a	\$3,454	\$3,719	\$3,856	\$137	3.7%
One time	110	47	2	-45	-96.3
Subtotals	(\$3,564)	(\$3,765)	(\$3,858)	(\$93)	(2.5%)
Tuition and Fees ^b	\$3,077	\$3,168	\$3,168	—	—
Other State Funds ^c	50	53	53	—	—
Totals	\$6,691	\$6,986	\$7,078	\$93	1.3%
Other Funds					
Federal Funds	\$1,352	\$1,400	\$1,400	—	—
Other CSU Funds ^d	2,273	1,871	1,871	—	—
Totals	\$3,624	\$3,271	\$3,271	—	—
Grand Totals	\$10,315	\$10,257	\$10,350	\$93	0.9%
FTE Students^e	401,706	403,448	403,448	—	—
Core Funding Per Student	\$16,656	\$17,315	\$17,544	\$229	1.3%

^a Includes funding for pensions and retiree health benefits.
^b Includes funds that CSU uses to provide tuition discounts and waivers to certain students. In 2018-19, CSU would provide \$701 million in such aid.
^c Includes lottery funds and, beginning in 2017-18, \$2 million ongoing from the State Transportation Fund for transportation research.
^d Includes funds such as housing fees, parking fees, and extended education charges.
^e One FTE represents 30 credit units for an undergraduate and 24 credit units for a graduate student. Includes resident and nonresident students.
 FTE = full-time equivalent.

ITEMS TO BE HEARD

ISSUE 1: GOVERNOR'S BUDGET PROPOSAL AND CSU FUNDING REQUEST

The Subcommittee will discuss the Governor's proposal to increase General Fund support for California State University (CSU) by \$92.1 million, and CSU's request for an additional \$171 million General Fund above the Governor's proposed amount.

PANEL

- Daniel Hanower, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, Assistant California State University Chancellor's Office

BACKGROUND

The 2017 Budget Act provided CSU with about \$3.7 billion General Fund. Budget language set an enrollment target to increase undergraduate enrollment by 2,487 full-time equivalent students. Included in this amount was \$12.5 million one-time General Fund to support activities related to the Graduation Initiative. Budget language also required CSU to adopt two new admissions policies. (The Graduation Initiative and admissions policies will be discussed in the next items.)

Additionally, the CSU Board of Trustees voted in March 2017 to increase tuition for the 2017-18 school year by 5%, or \$270 per student. Systemwide tuition and fees for the 2017-18 school year are \$5,742. This increase generated about \$79.5 million in net revenue for CSU.

CSU significantly exceeded the 2017 Budget Act enrollment target, continuing a recent pattern of significant California undergraduate enrollment growth, as the chart below indicates. The Chancellor's Office is currently reviewing enrollment data to better understand why many campuses exceeded 2017 enrollment targets. It is likely that yield rates – the number of students who accept admittance – were higher than expected, and it also is possible that current students are taking more units, which has been encouraged by many campuses as part of the Graduation Initiative.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
CA Undergraduate Enrollment (FTES)	316,338	325,040	333,322	344,732	349,088	359,021

Governor's 2017-18 Budget Proposal

The Governor's Budget provides an increase in General Fund support of \$92.1 million, which is the same increase proposed for the University of California. The *Governor's Budget Summary* states that the Administration expects these funds be used to make progress on the Graduation Initiative, but there is no proposed budget language

directing CSU on how to use the funding. As in previous years, the Governor does not set an enrollment target.

The Governor also has stated he does not support a tuition increase.

CSU Funding Request

The CSU Board of Trustees approved a 2018-19 budget at its November 2017 hearing. CSU assumes \$282.9 million in new costs for 2018-19, when compared to 2017-18. These costs are described in the following chart.

Increased Costs	Amount Proposed
Compensation Increases	\$122.1 million
Graduation Initiative	\$75 million
1% Enrollment Growth (3,641 FTES)	\$39.9 million
Mandatory Costs	\$30.1 million
Facilities and Infrastructure	\$15 million
Total Increase over 2017-18	\$282.9 million

Based on this budget, CSU is requesting an additional \$171 million General Fund beyond the Governor's proposed funding level. (The state's share of enrollment growth would be \$20 million, with additional revenue generated from tuition.) CSU states that under the Governor's proposed level, it would support mandatory cost increases and some compensation increases, but would not be able to support all compensation increases and would not grow enrollment, address facilities and infrastructure issues or provide campuses funding for Graduation Initiative activities.

The Chancellor's Office has proposed a tuition increase for the 2018-19 school year. The proposal would increase tuition by 4%, or \$228, raising tuition and systemwide fees to \$5,970. This would generate about \$69.8 million in net revenue. The Board of Trustees is expected to vote on the tuition increase at its May board meeting.

LAO Recommendation

The LAO notes that the Legislature must make decisions each year regarding cost increases at CSU. Typically, the Legislature gives first priority to covering cost increases needed to maintain existing services. At the universities, the largest of these costs relate to compensation and enrollment. After addressing these base issues, the Legislature then typically considers proposals for program expansions or new programs.

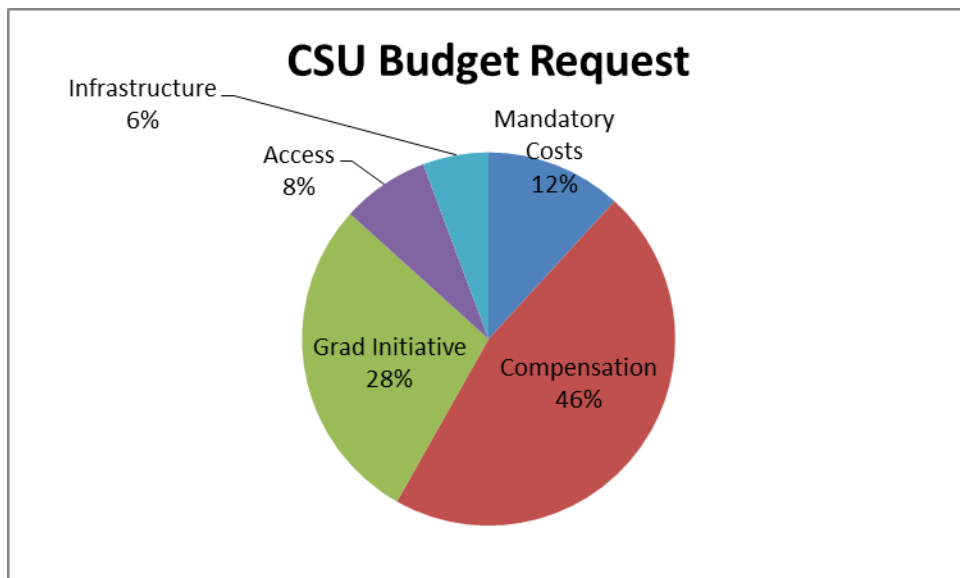
After making decisions about which CSU cost increases to support, the Legislature has to decide how to cover those cost increases. In addition to state funding, student tuition constitutes an important source of funding for CSU. State General Fund and student tuition revenue each makes up roughly half of CSU's core operating budget. Absent an increase in student tuition revenue, this means that any increase in General Fund support results in an overall increase to CSU's core budget of about half that amount. For example, a 3% General Fund increase equates to about a 1.5% overall increase in CSU's core budget. Though the Legislature could choose to have the state bear the full effect of approved cost increases, it alternatively could consider sharing any cost increases about evenly between the state and nonfinancially needy students.

Regarding compensation increases, the LAO notes that salaries and benefits make up a significant share of CSU’s core budget (about 80 percent), and thus it is not surprising that compensation also accounts for the largest augmentation in CSU’s spending plan request. The LAO notes that unlike most other state agencies, CSU – not the state Department of Human Resources – negotiates contracts with labor unions, leaving the State with less control over those costs. The LAO suggests that CSU faculty, which is the largest CSU labor union in terms of cost, is receiving salary increases above inflationary costs, and that CSU faculty salaries are generally competitive with peer institutions.

Regarding enrollment, the LAO notes that the number of high school graduates in the state is expected to grow by 1.8% in 2017-18, which could increase demand for freshman slots in 2018-19. However, the state’s most recent eligibility study found that CSU currently is drawing from well beyond its Master Plan target level. Specifically, the study found CSU is drawing from the top 41% of high school graduates rather than the top one-third. Going forward, the Legislature will need to decide whether CSU should be permitted to continue drawing from such a large pool or whether admissions criteria should be tighten to reduce the share of students that are eligible to enroll directly as freshmen. The LAO also notes for the past several years CSU has reported denying admission to some freshman and transfer applicants due to campus and program impaction.

STAFF COMMENT

While the Governor provides a 2.5% increase in General Fund support for CSU's core operations, CSU is asking for an increase that would amount to more than 7%. This is a significant ask. The pie chart below is a break-down of the CSU request.



The Subcommittee can consider the following issues as it considers the CSU budget:

Most of compensation costs are tied to contracts, but some increases are discretionary. Given that about 80% of CSU's core operational budget is tied to employee costs, it is not surprising that the largest piece of CSU's budget request relates to employee compensation. CSU currently has contracts in place for 11 of 13 bargaining units. Of the increased 2018-19 employee costs, nearly half is related to increases for members of the California Faculty Association, about one-quarter are related to increases for staff within the CSU Employees Union, and about 11% are related to increases for other, smaller bargaining units. About 17% of the increased compensation costs are related to non-represented staff, which includes a wide range of administrators, supervisors, and professional staff. These increases – proposed for 3% in 2018-19 – are discretionary and determined by the Chancellor, although individual supervisors determine if individual employees will receive the increase or not.

Another tuition hike equates to a \$500 increase for students in two years. As noted previously, the CSU Trustees will consider a tuition increase for the 2018-19 academic year at its May meeting. If enacted, this would be the second increase in two years, and equate to about a \$500 increase for students in two years. The increase would provide CSU with about \$70 million in net new revenue. While last year's tuition increase was used to support Graduation Initiative activities, this year's increase, if enacted, would largely go to support current activities and compensation increases.

CSU Tuition

2012	2013	2014	2015	2016	2017	2018 (Proposed)	Change, 2016 - 2018	% Change, 2016 - 2018
\$5,472	\$5,472	\$5,472	\$5,472	\$5,472	\$5,742	\$5,970	\$498	9%

Tuition increase would add to state Cal Grant costs. Because the maximum Cal Grant is tied to tuition at CSU (and UC), any tuition increase adds General Fund expenses due to higher Cal Grant costs. The Student Aid Commission has estimated that the proposed CSU tuition increase would add \$22.8 million in Cal Grant costs for the state.

Is 1% enrollment growth enough? The CSU budget request seeks state funding to support about 3,600 full-time equivalent students, or about 1% enrollment growth. The Subcommittee in recent years has been concerned about the number of California students who have taken high school courses and achieved good enough grades and test scores to be minimally qualified for CSU, but have been denied admittance. Despite major enrollment increases during the past several years, this group of qualified-but-denied students continues to grow, as the chart below indicates. This is an indicator that CSU and the state have been unable to keep up with demand.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Admitted	194,564	212,152	212,538	216,755	222,192	226,121
Qualified But Not Admitted	22,123	26,430	30,665	31,825	31,402	32,223

The Subcommittee should consider several issues as it determines how to support enrollment growth:

- An eligibility study conducted by the Administration and released last year indicates CSU is admitting about 41% of high school graduates, far above its Master Plan requirement. This is an indicator that more and more high school students are preparing to enter four-year institutions, but the CSU simply does not have the resources to accommodate them.
- CSU research indicates that most of the qualified-but-denied students are entering college somewhere: only about 7,000 to 8,000 students are not found in national college databases after being denied at CSU. This is the group of students the state should be most concerned about: qualified for CSU, but apparently not going to college at all.
- Admissions policy changes enacted this year by CSU, discussed later in this agenda, may help some of these students find admittance at a CSU campus. CSU officials note they still need resources to serve these students, however.

As it determines an appropriate level of enrollment for 20-18-19, the Legislature may wish to work with CSU to develop a plan to address the qualified-but-denied problem.

Mandatory Costs include four main issues. CSU describes increased health benefits, retirement benefits, maintenance of new facilities, and the minimum wage increase as mandatory costs, accounting for about \$30.9 million in new spending for 2018-19. The four items are broken out in the chart below.

Item	Cost
Health Benefits	\$12,029,000
Retirement Benefits	\$11,100,000
Maintenance of New Facilities	\$3,601,000
Minimum Wage Increase	\$4,158,000
Total	\$30,888,000

Facilities funding would finance capital projects across the system. CSU states that under current bond market conditions, \$15 million in state support would finance approximately \$225 million for capital projects. Proposed projects include renovations or new construction at the San Bernardino, Northridge, San Luis Obispo, Channel Islands and Maritime Academy campuses.

ISSUE 2: GRADUATION INITIATIVE UPDATE

The Subcommittee will discuss the CSU Graduation Initiative 2025, which seeks to increase graduation rates and eliminate achievement gaps systemwide and at each CSU campus by 2025.

PANEL

- Nathan Evans, California State University Chancellor's Office
- Robert S. Nelsen, President, California State University, Sacramento
- Joe Castro, President, California State University, Fresno
- Paul Steenhausen, Legislative Analyst's Office

BACKGROUND

The 2016 Budget Act provided CSU with \$35 million one-time General Fund to develop a plan to improve four-year and two-year graduation rates for freshman and transfer students, respectively, and close gaps in graduation rates for three groups of students: those who are (1) low income, (2) underrepresented minorities, and (3) first-generation college-goers. Trailer bill language stated the Department of Finance would not release the funding unless CSU submitted the required plan by September 30, 2016. The Graduation Initiative 2025 plan was completed on time and the funding was released to CSU.

The 2017 Budget Act included \$12.5 million one-time General Fund to support Graduation Initiative activities. In addition, the tuition increase in place for the 2017-18 school year is supporting the Graduation Initiative as well.

CSU has provided information indicating graduation rates have begun to rise, although achievement gaps have widened. The chart below shows 2015 systemwide graduation rates, 2017 rates, and the 2025 goals.

Graduation Rates	2015	2017	2025 Goal
Freshmen 4-Year Graduation Rate	19%	23%	40%
Freshmen 6-Year Graduation Rate	57%	59%	70%
Transfer 2-Year Graduation Rate	31%	35%	45%
Transfer 4-Year Graduation Rate	73%	75%	85%
Achievement Gap by Ethnicity	11 Points	12 Points	0 Points
Achievement Gap by Pell Eligibility	8 Points	11 Points	0 Points

Per the 2017 Budget Act, CSU provided a report to the Legislature in January describing the Graduation Initiative activities and spending. Below is a summary of the report.

The CSU is focused on six operational priority areas that have a tremendous impact on student success and completion, particularly addressing graduation rate gaps:

- Academic preparation: The CSU will provide all students, including those who arrive academically underprepared, the opportunity and support needed to complete 30 college-level semester units – 45 quarter units – before beginning their second academic year.
- Enrollment management: The CSU will ensure that students are able to enroll in the courses they need, when they need them.
- Student engagement and well-being: The CSU will continue to address the well-being of all CSU students while fostering a strong sense of belongingness on campus.
- Financial support: The CSU will ensure that financial need does not impede student success.
- Data-driven decision making: The CSU will use data-rich evidence to identify and advance the most successful academic support programs.
- Administrative barriers: The CSU will identify and remove unnecessary administrative impediments.

CSU reports the following Graduation Initiative activities and spending:

Activity	Spending
Faculty Hiring and Offering More Course Sections <i>CSU reports adding 3,200 new course sections and a net increase of 400 tenure-track faculty in 2017-18</i>	\$46 million
Student Advising <i>CSU reports it will add 228 new advisors</i>	\$18.2 million
Student and Academic Support Programs <i>Activities include additional tutoring and mentoring programs, incentivizing intersession and summer session, addressing food and housing insecurity, and using data to predict course demand</i>	\$24.2 million

In addition to these activities, CSU also has enacted a major policy change that should contribute to a speedier time-to-degree for many students. In August 2017, the Chancellor issued an executive order that requires campuses to discontinue using CSU's math and English placement tests and instead rely on high school grades and other data (such as Smarter Balanced assessment results and SAT scores) to place students. In addition, the executive order limits the number of remedial (noncredit-bearing) units that academically underprepared students may be required to take and requires campuses to provide students with academic support (such as targeted tutoring).

LAO Recommendation

The LAO recommends CSU pursue operational changes and efficiencies before the Legislature appropriates more funding toward the Graduation Initiative. In particular, the LAO notes that CSU could do more to reduce excess unit-taking and free up thousands of course sections. The LAO also suggests CSU make enrolling in online courses at other campuses much easier for students. Additionally, campuses could focus greater efforts on ensuring their various student-success strategies are integrated into a coherent and comprehensive plan.

STAFF COMMENT

The Graduation Initiative sets worthy systemwide and campus goals, and it appears that every CSU campus is making a serious effort to graduate more students in a timely manner. An August 2017 report by the CSU Student Success Network, which receives state funding to support CSU-specific research, noted that campuses have launched a "robust set of multi-pronged strategies focused on improving student success and outcomes." The report, titled *"From Scatterplot to Roadmap: New Efforts to Improve Student Success in the California State University,"* also quoted CSU officials describing significant barriers to overcome, including "institutional inertia, organizational silos, leadership churn, resource constraints, and limited capacity to analyze and use data for improvement." The report suggests CSU campuses are seeking more structural and cultural changes, but notes those over-arching reforms are difficult and will likely be developed iteratively. CSU and the Legislature must have continuing conversations about progress toward these goals, and what policy and funding changes are needed.

The presidents of California State University, Sacramento and California State University, Fresno, have been asked to testify at this hearing regarding the Graduation Initiative activities underway at their campuses. The Subcommittee can consider the following issues as it discusses the Graduation Initiative:

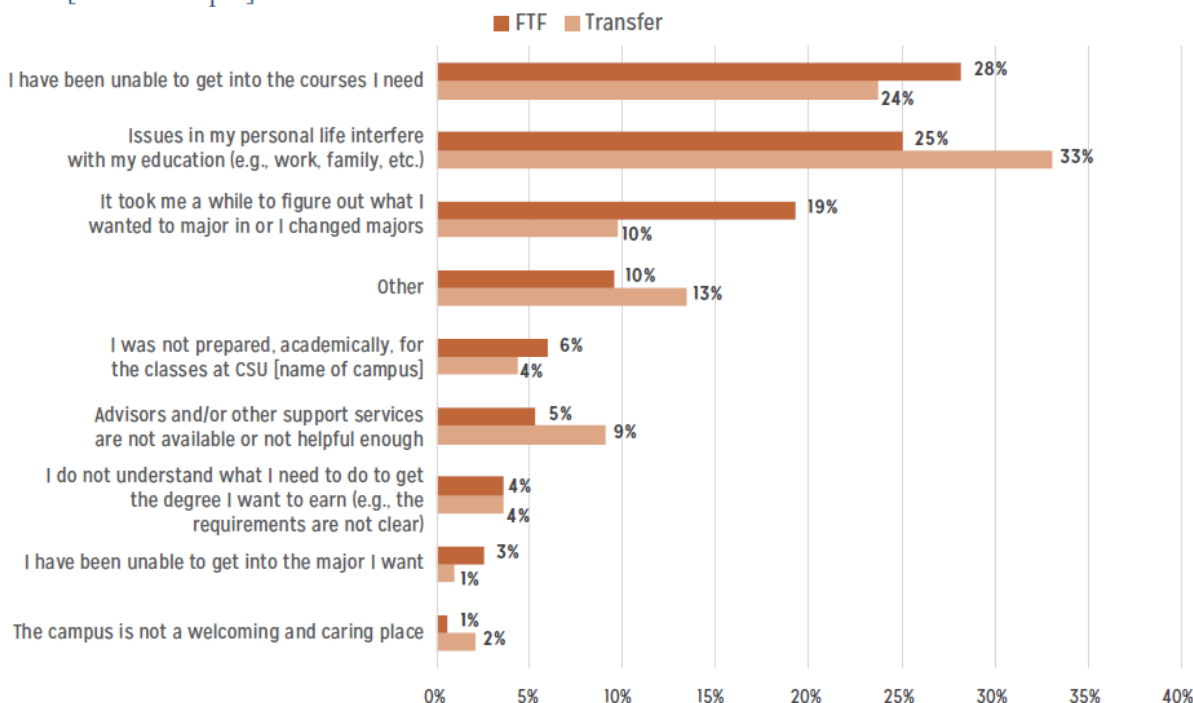
Students do want to graduate "on time," but they report significant barriers. A student survey published in February by the CSU Student Success Network found that an overwhelming majority of CSU students seek an efficient route to graduation. About 85% of students entering as freshmen and 70% of community college transfer students seek to graduate within four or two years, respectively, according to the report, titled *"Get Me from Point A to Point B: Student Perspectives on the Barriers to Timely Graduation at the California State University."*

Despite this desire, most CSU students do not expect to graduate in a timely manner. Of the 85% of students who entered as freshmen and hoped to graduate within four years, for example, only 33% now believe they will graduate in that time frame. Most now expect to take 5 or 6 years.

When asked why they won't graduate as expected, course availability and personal issues were both key factors, according to the survey. The chart below indicates responses to a question related to barriers to on-time graduation. The survey indicates that CSU must continue to add courses in time slots that accommodate student needs in order to meet Graduation Initiative goals.

FTF chose limited course availability as the biggest barrier to making timely progress, while transfer students were more likely to point to issues in their personal lives.

Which one of the following is your biggest obstacle to making timely progress through CSU [name of campus]?



The need for more tenure-track faculty. Research indicates a connection between high rates of part-time or contingent faculty and lower student persistence or graduation rates. Thus it seems clear that a key component of the Graduation Initiative should be an increase in tenure-track faculty at CSU. Yet tenure-track faculty density – the percentage of CSU instructors who are tenure-track faculty – has recently decreased, as the chart below indicates.

CSU Faculty, 2012-2017

	Total Faculty	% Lecturer	% Tenure-Track Faculty
Fall 2012	15,929.70	39.1%	60.9%
Fall 2014	17,256.30	43.20%	56.80%
Fall 2017	19,015	44.30%	55.70%

This decrease comes despite increased state funding for CSU during this time period, and specific funding in the 2015 Budget Act to increase tenure-track faculty. CSU has identified this as a significant issue: Chancellor Timothy P. White created a task force to address tenure density at CSU in 2016; the task force issued a final report in March.

While CSU reports a net increase of 400 new tenure-track faculty for the 2017-18 school year, density remains at historic lows. About 75% of CSU faculty was tenure track in 1990, compared to about 56% now. The task force convened to study this

issue noted that increasing this percentage by 1% would likely cost about \$100 million annually.

The task force provided the following recommendations:

Systemwide

- Establish a standard definition for tenure-density and disseminate definition to campuses.
- Develop a new metric for the number of students to tenure-track faculty ratio, to better gauge the capacity of campuses with regard to tenure-track faculty.
- Establish a process for reporting systemwide and campus metrics, including tenure density and student-to-tenure-track faculty ratio.
- Collect and disseminate campus and system data on an annual basis.
- Lobby the Legislature and Governor, in collaboration with CFA, ASCSU, faculty, and students, for more state funding to meet tenure-track faculty needs to better serve CSU students.

Campuses

- Develop a campus-specific tenure density plan (that should include targets) based on the needs and resources of the campus.
- Ensure that, at the campus level, when a tenure-track faculty member leaves the university, he or she is replaced with another tenure-track faculty member.
- Recruit, hire, and retain a diverse and qualified group of tenure-track faculty each year that exceeds the number of tenure-track faculty leaving the campus.
- Consider qualified lecturer faculty for tenure-track faculty positions, as appropriate.
- Monitor and report to all relevant parties annually the progress on meeting the goals.

Staff notes that the California Faculty Association has requested that CSU's appropriation in 2018-19 set aside \$50 million to increase the hiring of tenure-track faculty. CFA has suggested language that would require that the funding be used to increase faculty above current density and require that CSU provide semi-annual reports to the Legislature on tenure-track faculty density.

Reducing excess units is a key to speedier graduation and could allow for more access. In its Graduation Initiative report to the Legislature, CSU states that it has sought to reduce the number of units taken by students to improve time-to-degree, including improving advisement and reducing unit requirements for most majors to 120 units. This is a key issue and has many benefits: The Chancellor's Office calculated that if every CSU graduate reduced their excess units by 1 unit, CSU could free up 1,333 additional course sections. Using this calculation, reducing excess unit-taking by half (an average of about 10 semester units per graduate) would be the equivalent of freeing up more than 10,000 course sections— representing about 30,000 FTE students and \$250 million in General Fund support for the system.

CSU's online program could help address course shortages. An LAO review of CSU's online education program published in January noted that CSU has cited online education — which can make course-taking more convenient for students while minimizing demands on classroom space — as a key strategy for achieving the Graduation Initiative goals. However, the report found that only 228 students (headcount) took an online course at another CSU campus in fall 2015, indicating that CSU has not sufficiently utilized online courses as a way to help students take the courses they need in the semester they are needed. In its report, the LAO recommended that the Legislature:

- Direct CSU to develop comprehensive plans for increasing students' awareness of opportunities to take online courses at other campuses;
- Direct CSU to revamp its website by a specified date so that students can easily search for and identify online courses in the database; and
- Direct CSU to report on its registration process and include an explanation of the process by which students verify how a course will count toward their degree requirements.

Students offer advice to CSU. The student survey released this year by the CSU Student Success Network included student comments on ways the system could help them graduate sooner. The report summarizes the responses:

- **A More Structured Beginning.** Many students (and especially transfer students) discussed the limited value of their orientation experience. Students said there was too much emphasis on “throwing information” at them and getting them enrolled in classes for the first semester. What they wanted, instead, were opportunities to make early connections to their departments and majors in order to begin forming a community with other students and faculty. In addition, some students described positive experiences with first-year programs and learning communities, describing them as helpful in providing engagement with built-in peer networks.
- **A Clear Plan.** Students expressed a desire for a clear plan to timely graduation, including sequences of courses—not just course lists—that specify all required classes and other graduation requirements, organized to allow for on-time completion. They wanted access to a plan tailored to their individual goals early in their enrollment at the CSU in order to prevent mistakes in course-taking that add extra time to graduation.
- **Advising Tied to Their Plans.** Students suggested that their campuses should improve access to advising and improve its quality and usefulness for students. They emphasized a need to ensure that advisors are well trained, especially on major requirements. Some students suggested that all advising, to the extent possible, be done through colleges or departments to ensure that advisors have specialized knowledge, with only students without a declared or intended major utilizing general advisors.

- **Support Services That Provide Help All Along the Pathway.** As with advising, students cited a need for improved access to, and quality of, other support services like tutoring and help with study skills and time management. Students said that tutoring is generally available for math and writing courses, but they have trouble finding tutoring for classes in other disciplines, including courses in their major.

ISSUE 3: ADMISSIONS POICY CHANGES

The Subcommittee will discuss CSU's implementation of 2017 Budget Act requirements that CSU enact a redirection policy for qualified students who are denied admittance to impacted campuses and programs, and to provide greater access for local students seeking admittance to impacted campuses and programs.

PANEL

- April Grommo, California State University Chancellor's Office
- Paul Steenhausen, Legislative Analyst's Office

BACKGROUND

During discussions last year, the Subcommittee expressed concern with the number of students who are being denied admittance to CSU campuses and programs despite meeting systemwide minimum qualifications.

When demand exceeds available enrollment slots, CSU can declare "impaction." CSU has two types of impaction - campus and program. Under campus impaction, all local students who meet systemwide eligibility requirements are guaranteed admission to the campus. Nonlocal students, however, must meet stricter supplemental criteria. When a campus declares program impaction, all applicants must meet supplemental admissions criteria. In other words, impacted programs do not have a local admissions guarantee. Whereas for decades CSU only had one campus with all programs impacted (San Luis Obispo), today six campuses have declared all (or virtually all) of their programs to be impacted. Program impaction may boost prestige at the campuses (by admitting higher-performing nonlocal students) but can make it difficult for eligible applicants—some of whom may be place-bound due to family or other obligations—to attend their local campus. The chart below indicates impaction status for all CSU campuses for 2018-19.

No Campus Impaction	Campus Impaction	Impaction in All Programs
Bakersfield	Chico	Fresno
Channel Islands	Humboldt (for first-time freshmen but not transfers)	Fullerton
Dominguez Hills	Los Angeles	Long Beach
Maritime Academy	Monterey Bay	San Diego
San Francisco	Northridge	San Jose
Stanislaus	Pomona	San Luis Obispo
	Sacramento	
	San Bernardino	
	San Marcos	
	Sonoma	
	East Bay	

In an effort to ensure that qualified students have a better opportunity to gain admittance to CSU, the 2017 Budget Act required CSU to adopt two new admissions policies. The budget language is below.

- *"No later than May 1, 2018, the Trustees of the California State University shall approve a policy to automatically redirect to programs or campuses that are not impacted any application submitted by a student who meets the minimum systemwide qualifications but is denied admission to an impacted program or campus."*
- *"No later than May 16, 2018, the Trustees of the California State University shall approve a policy that requires campuses to provide first priority in admissions to impacted programs to local students who meet minimum systemwide qualifications."*

At its March meeting, the CSU Board of Trustees approved two policy changes in response to the budget language. The changes will be in place for the Fall 2019 admissions cycle.

- **Local priority.** Every impacted program at all CSU campuses will be required to develop an admissions advantage for local applicants. At a minimum, this priority includes a meaningful weighting of grade point average that gives admission preference to local, CSU-eligible undergraduate applicants over non-local applicants. Local applicants will continue to be subject to the same supplemental impaction criteria imposed on other applicants to impacted campuses and programs, specifically major preparation for transfer students and high school preparation for first-time freshmen.

Each campus will be required to clearly publish this information on its website for both first-time freshmen and upper-division transfer students. Further, campuses will be required to: (a) inform first-time freshmen who are not admitted to their local campuses of their California Community College options; (b) inform first-time freshmen of the Associate Degree for Transfer opportunities; and (c) encourage applicants to transfer to a CSU in the future.

This local admissions advantage will become part of each campus' annual impaction plan.

- **Redirection.** CSU-eligible undergraduate applicants who are not admitted to any CSU campus will be notified about the opportunity to be redirected to a non-impacted campus. Applicants will be informed of the available campuses and asked to select their first and second choice.

The Office of the Chancellor will use Cal State Apply to collect applicant responses and to manage the redirection process. Applicants will be given approximately 21 days to respond to the request. During this time, they will receive three email messages and text message reminders following the initial email notification. As redirection requests are received, the Office of the Chancellor will forward applications on a regular basis to non-impacted

campuses. Students will be automatically admitted to a campus if they chose to be redirected; they will not be required to submit another application.

Applicants who do not respond within the 21 days will be contacted for an additional 14 days and will receive email and text message reminders to respond. During these additional 14 days, additional redirection requests will be honored; however, there is no guarantee that students will be accommodated at their first or second choice campus. Applicants who decline to be redirected will be asked why they have declined.

LAO Assessment

The LAO states the redirection policy appears to be in line with legislative intent. The LAO notes the policy is similar to CSU's current policy for applicants with an associate degree for transfer who are redirected.

The LAO states, however, that the policy on admissions prioritization for local students falls short of legislative intent. The policy would not provide first priority to local applicants with minimum systemwide qualifications. Instead, the proposal merely requires every impacted program to provide some kind of admissions advantage to local students, which already is the current policy for some impacted programs. The LAO recommends that the Legislature direct CSU to draft a new policy.

STAFF COMMENT

Both policies are the result of legislative concern that too many qualified students are being turned away by CSU. Due to the complexities surrounding both issues, the Legislature gave CSU significant leeway in crafting specific policies that address these concerns.

Staff agrees with the LAO that the redirection policy appears to meet legislative intent and should give CSU-eligible students more options as they consider college. The policy appears to balance providing more student choice with campuses' needs to determine their enrollment numbers as early as possible for planning purposes.

Staff shares the LAO's concern about the local priority policy. The budget language could be interpreted as requiring admittance to minimally-qualified local applicants to impacted programs before outside-of-area applicants are considered. CSU has instead defined "first priority" for local residents as giving those applicants some kind of advantage, but not automatic admittance over out-of-area residents.

However, CSU has a legitimate concern that providing access to impacted programs to all local students first may prohibit other Californians from accessing specific programs at any CSU. For example, programs such as architecture and occupational therapy, which are offered on only a few CSU campuses, might not be available to many CSU applicants if only local applicants were allowed into those programs. The proposed policy may be a worthy first attempt at addressing this issue.

The Legislature should work with CSU to monitor the impact of these policies in the next few years to determine their effectiveness in providing more access to CSU for qualified students.