

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Kevin McCarty, Chair

**TUESDAY, MARCH 10, 2020
9 AM, STATE CAPITOL, ROOM 447**

THE ACCESS AGENDA: CREATING CAPACITY IN CALIFORNIA HIGHER EDUCATION

1. Making Room for Success: Addressing Capacity Shortfalls at California's Universities

- Ria Sengupta Bhatt, Policy Director, College Futures Foundation

2. Increasing California Enrollment at the University of California

- Pamela Brown, Vice President, Institutional Research and Planning, University of California Office of the President
- Yvette Gullatt, Vice Provost and Chief Outreach Officer, University of California Office of the President
- Seija Virtanen, Associate Director, State Budget Relations, University of California Office of the President

3. Meeting Demand at the California State University

- April Grommo, Director of Enrollment Management Services, California State University Chancellor's Office
- Ryan Storm, Assistant Vice Chancellor for Budget, California State University Chancellor's Office

4. Connecting to the Universities and Serving Underserved Communities at the California Community Colleges

- Lizette Navarette, Vice Chancellor for College Finance and Facilities Planning, California Community Colleges Chancellor's Office
- Joe Wyse, Superintendent/President, Shasta College

5. Private Non-Profits' Role in Increasing California Access to Higher Education

- Alex Graves, Vice President for Government Relations, Association of Independent California Colleges and Universities
- Joseph Jones, President, Fresno Pacific University

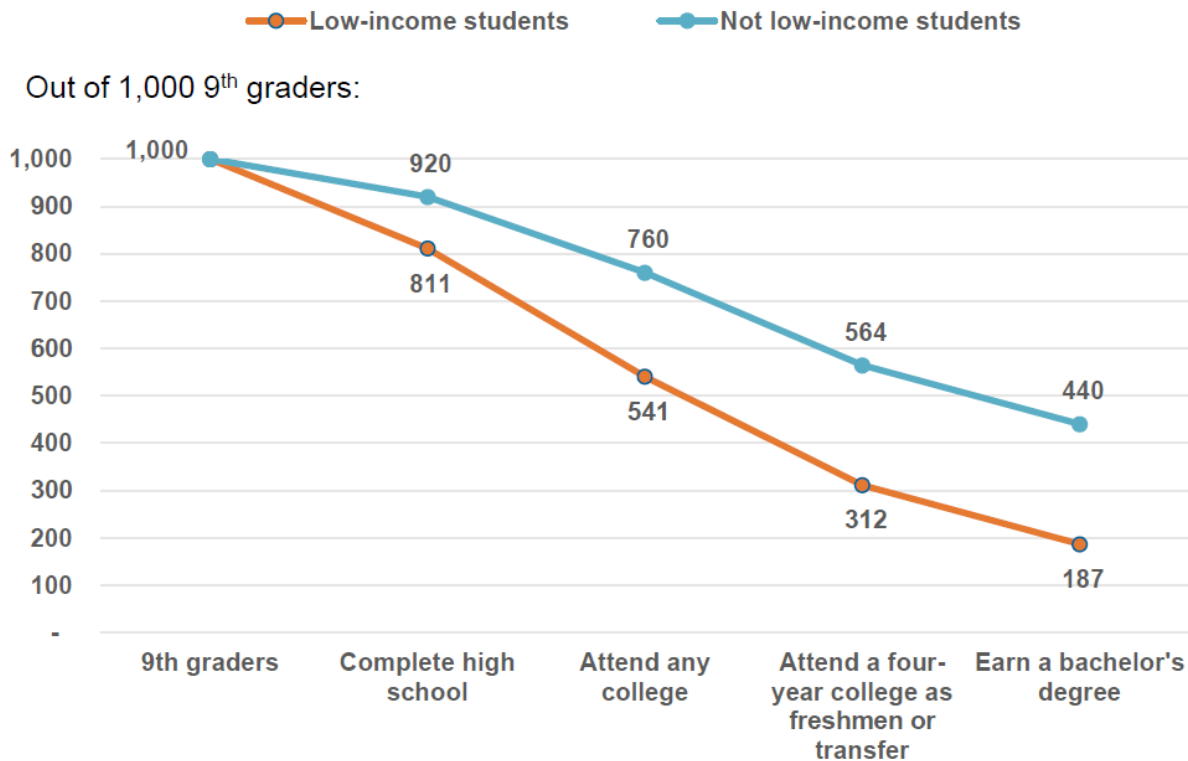
6. Public Comment

California's economy needs more workers with postsecondary degrees. According to analysis from the Public Policy Institute of California (PPIC), the state needs to add about 10,000 new students at CSU and about 3,000 new students at UC annually through 2030 to meet state labor market projections. And Californians' demand for higher education has never been greater. A PPIC statewide survey found that 79% of California parents want their child to earn at least a bachelor's degree. More than half of California high school students are now completing the college-preparatory courses required for access to the University of California (UC) and California State University (CSU) systems, and the number of "transfer-prepared" community college students has grown by 70% since 2000.

Yet despite state workforce needs and rising demand, the state is struggling to deliver higher education to all Californians who seek it. UC and CSU campuses are more and more selective, turning away thousands of California students whose qualifications would have merited admission in previous generations. This capacity shortfall is worse in some regions of the state, and has a greater impact on low-income families and students typically underrepresented in higher education. For example, the chart on the following page, presented at a Subcommittee hearing last month by PPIC, shows that only about 19% of low-income ninth-graders in California complete a bachelor's degree.

This hearing is intended to address higher education access issues, and discuss creative ideas to get more Californians into college. Solutions include higher completion rates, partnerships between segments, and more creative delivery methods.

Pathway from 9th grade to a bachelor's degree



Capacity Issues

University undergraduate enrollment has grown significantly... Overall growth in undergraduate enrollment at UC and CSU during the past decade has been strong, with UC adding nearly 47,000 students and CSU nearly 82,000, as the chart below indicates. This growth represents a 26% increase at UC and a 24% increase at CSU.

Undergraduate Enrollment	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Change	% Change
UC	179,245	181,197	183,198	188,008	194,812	198,866	210,170	216,747	222,493	226,125	46,880	26%
CSU	348,205	367,139	379,896	391,593	403,997	418,243	423,301	429,776	428,362	430,166	81,961	24%

... But much of UC's undergraduate growth is nonresident students, and CSU has turned away thousands of qualified California applicants. Growth in undergraduate students at UC during the last decade was significantly weighted toward nonresident students, who do not receive state funding support but now pay about \$30,000 more per year in tuition than California students. About 64% of undergraduate enrollment growth in the last decade at UC was out-of-state and international students.

UC Undergraduate Enrollment	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Change	% Change
Resident	168,622	167,890	166,269	166,254	168,624	168,190	175,630	179,649	182,945	185,559	16,937	10%
Nonresident	10,623	13,307	16,929	21,754	26,188	30,676	34,540	37,098	39,548	40,566	29,943	282%

Many UC campuses spend considerable resources recruiting nonresidents. A recent report by two UCLA professors, Ozan Jaquette and Crystal Han, entitled *“Follow the Money: Recruiting and the Enrollment Priorities of Public Research Universities,”* tracked high school recruiting visits by 15 public research universities, including UC Berkeley. Data in that report indicates that in 2017, Berkeley recruiters visited more out-of-state high schools (308) than California high schools (276). (The other UC campus in this study, Irvine, visited 249 California high schools and 111 out-of-state high schools, and when you add in California community college visits, Berkeley recruiters did visit more California campuses than out-of-state campuses.)

Applications to UC grew by 76% during this 10-year period. With this significant growth in applications from both California and nonresident students, UC admission rates – the percentage of applicants who are admitted – have plunged. UCLA is the most selective campus, accepting only 12% of freshmen applicants and 22% of transfer applicants in Fall 2018. The average weighted GPA for admitted UC students is 3.90.

Admit Rates	Freshman	Transfers		Admit Rates	Freshman	Transfers
Berkeley	17%	26%		Riverside	57%	71%
Davis	39%	58%		San Diego	32%	56%
Irvine	27%	44%		Santa Barbara	30%	51%
Los Angeles	12%	22%		Santa Cruz	52%	61%
Merced	75%	57%				

Most CSU campuses have also become more selective. During a recent seven-year period, CSU denied admission annually to about 30,000 students who met minimal qualifications for the system, but applied to campuses or programs that had more applicants than openings.

CSU Undergraduate Applicants and Denied Eligibles							
Resident First-Time Freshman and Transfer Applicants							
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Admitted	195,086	213,017	214,086	218,561	224,103	227,945	226,528
Qualified But Not Admitted	22,070	26,574	30,980	31,978	32,299	32,279	30,488

When a CSU campus receives more applications than it can accommodate, it can declare "impaction," whereby admissions criteria can be raised above the systemwide requirements for certain programs or groups of students. Impaction allows campuses or programs to deny admission to applicants who do not meet enhanced requirements beyond statewide eligibility. There are two primary categories of impaction:

- Campus impaction can be triggered when the number of qualified applicants to a campus exceeds campus capacity. An impacted campus may establish admissions criteria for all nonlocal applicants that are stricter than systemwide

minimum eligibility. All local applicants who meet systemwide eligibility, however, are guaranteed admission to the campus.

- Program impaction can be triggered when the number of qualified applicants to a particular program—such as mechanical engineering or nursing—exceeds available space. Impacted programs may establish supplemental admissions criteria for all applicants.

The chart below indicates impaction status for each CSU campus for the 2020-21 academic year. All campuses except Dominguez Hills have at least one impacted program.

No Impaction	Campus Impaction	Impaction in all Programs
Bakersfield	Chico	Fresno
Channel Islands	Monterey Bay	Fullerton
Dominguez Hills	Northridge	Long Beach
Humboldt	Pomona	Los Angeles
Maritime Academy	Sacramento	San Diego
San Francisco	San Bernardino	San Jose
Stanislaus	San Marcos	San Luis Obispo
	Sonoma	
	East Bay	

Capacity issues likely to continue. In an October 2019 report, “*Making Room for Success: Addressing Capacity Shortfalls at California’s Universities*,” the College Futures Foundation found that about 73,000 qualified California students were turned away by UC and CSU in 2018-19. The Foundation noted that if trends in college preparation among California high school students continued, and community colleges met a goal to increase transfer-ready students, this shortfall could grow to 144,000 students by 2030 if university capacity does not increase.

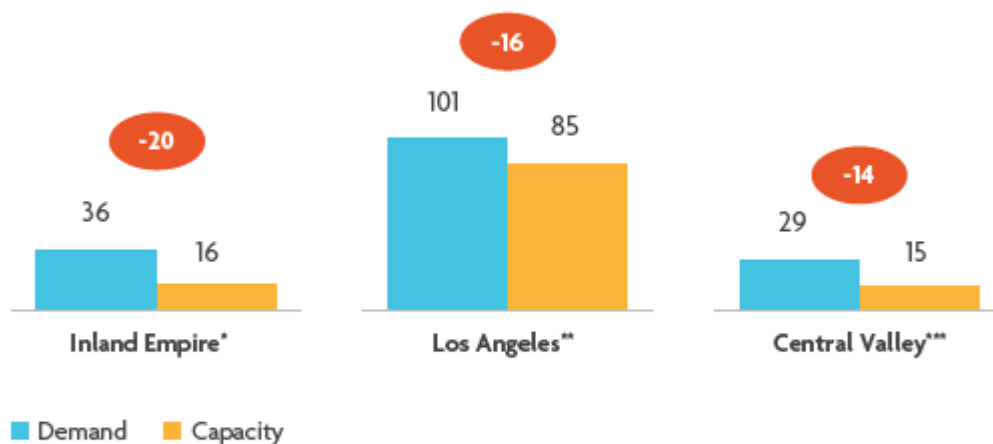
The Foundation will present its report, which includes ideas for increasing capacity, at this hearing.

Ethnic and regional implications for capacity crisis. The Foundation’s report notes differing impacts of the capacity shortage at California campuses. For example, the Foundation cited a previous study that found that in 2016, nearly 40% of Latinx students who were eligible for CSU or UC did not attend either. This may have been due to capacity issues at campuses closest to home for these students. UC reported that in Fall 2019, about 25% of its undergraduate population was Hispanic/Latinx, even though more than about half of the state’s K-12 students are Latinx.

The Foundation also notes that capacity issues may have more profound impacts in the Inland Empire and Central Valley, where there are fewer college campuses and family incomes are significantly below the state median, making it more difficult for students to relocate to other parts of California. According to the Foundation's analysis of student trends and campus capacity, less than half of 36,000 qualified students from the Inland Empire will be able to attend a local university in 2030; while about half of the 29,000 eligible students from the Central Valley could be served by local universities.

The chart below illustrates capacity issues for these two regions and the Los Angeles region, which also faces a shortfall.

Demand and Capacity at Four-Year Institutions, 2030
Number of Students, Thousands



* Inland Empire includes San Bernardino and Riverside counties

** Los Angeles includes Los Angeles and Orange counties

*** Central Valley includes Fresno, Kern, Merced, and Stanislaus counties

Sources: IPEDS, DataMart, CSU, UC Info Center, CA Department of Education, and CA Department of Finance

San Diego is a good example of this regional capacity crisis. San Diego State has grown increasingly selective and now admits only about half of local area residents who apply, and about 31% of all Californians who apply. UC San Diego only admits about 32% of Californians who apply. Both public university options for San Diego students are extremely selective.

California Community College enrollment is down. Community college enrollment dropped by about 9% between 2010 and 2019, as the chart below indicates. This decline is likely tied to the state's low unemployment rate. Colleges are working to boost enrollment through various strategies; some will be described later in this agenda.

Annual 2010-201	Annual 2011-201	Annual 2012-201	Annual 2013-201	Annual 2014-201	Annual 2015-201	Annual 2016-201	Annual 2017-201	Annual 2018-2019		
Student Count	Student Count	Student Count	Student Count	Student Count	Student Count	Student Count	Student Count	Student Count	Change	% Change
2,609,747	2,424,894	2,292,331	2,309,925	2,318,301	2,355,349	2,378,667	2,394,476	2,381,412	-228,335	-9%

Legislative Actions Aimed at Increasing Capacity

The Legislature has sought to address capacity issues in a number of ways. Primarily, the state has supported significant enrollment growth at UC and CSU since the Great Recession, supporting more than 41,000 new full-time equivalent students at CSU and about 15,000 at UC. Other efforts both directly and indirectly aimed at increasing Californians' access to higher education include:

CSU redirection and local priority. The 2017 Budget Act required the CSU Board of Trustees to develop new policies and procedures to increase access. CSU implemented a new process in Fall 2019 to redirect qualified students who are not admitted to the campus or program of their choice to another campus or program with openings. CSU reports that it offered redirection to about 25,000 applicants, with about 900 students eventually accepting admission to another campus. The Budget Act also required CSU to develop a policy to require campuses to provide admissions priority to students applying to impacted programs if the student lives in the local service area for that campus. The Chancellor's Office gave discretion to campuses as to how to implement this policy, and it is unclear how this policy has impacted local students' ability to gain admittance to impacted programs.

Improved transfer. Increasing community college transfer enrollment at the universities is one way to speed up time-to-degree, which could open up more space for new students. Transfer has been a state higher education priority since the California Master Plan for Higher Education in 1960.

Legislation in 2010 created the Associate Degree for Transfer, which required community colleges to develop two-year (60 unit) degrees. Students who earn such a degree are guaranteed admission into a CSU bachelor's degree program that can be completed within an additional two years (60 units) of CSU coursework. Although not guaranteed admission to a particular campus or degree program, these students receive priority admission to their local CSU campus and a degree program that is similar to their associate degree major. This program was intended to increase efficiency of the transfer process, allowing more students to complete programs more quickly. A review of the ADT programs published in 2018 by Wheelhouse: The Center for Community College Leadership and Research found that more than 35,000 ADTs were granted by community colleges in 2016-17, the number of ADTs offered by campuses has grown significantly, and that ADTs were leading to more efficient course taking by students. The report also noted a wide variability by campuses in the number of ADTs offered.

The 2017 Budget Act withheld a portion of funding from UC until it adhered to Master Plan guidelines of enrolling one community college transfer student for every two freshmen. UC signed a memorandum of understanding with the community colleges in 2018, creating UC Transfer Pathways, and it reports that all campuses except Merced will meet this 2:1 ratio by 2020-21.

While transfer is increasing at both UC and CSU, community college students still face differing requirements and pathways depending on where they want to transfer – a decision they may not be ready to make as they enter community college. According to the Community College Academic Senate, collaboration between all three public segments in 2018 led to alignment of ADTs and UC Transfer Pathways in chemistry and physics, allowing community college students in these disciplines an easier path to either university system. The Academic Senate is seeking to explore similar alignment in 8 other disciplines, and is seeking one-time funding of \$2.1 million to be spent over 5 years to improve transfer processes.

Online education. Beginning in the 2013-14 fiscal year, all three public segments began using a portion of state funding – UC and CSU \$10 million, the community colleges about \$17 million – to support online education. Online course-taking has increased significantly at all three segments, with CSU reporting about 136,000 students enrolled in at least one online course in Spring 2018, for example, and about 13% of 2016-17 community college instruction occurring in online courses.

New campus study. The 2019 Budget Act provided CSU with \$4 million one-time General Fund to study the possibility of a new CSU campus in either San Joaquin County, Chula Vista, Palm Desert, San Mateo County, or Concord. CSU is expected to provide these reports to the state by July 1, 2020.

College Promise. Legislation and budget actions in 2018 and 2019 created the California Promise, which provides two years of free tuition for all first-time full-time community college students. The Governor's Budget proposes spending \$83.7 million Proposition 98 General Fund for this program in 2020-21. While it is difficult to assess how this program is impacting enrollment yet, anecdotal evidence from some colleges indicate an increase in the number of full-time students, which typically improves completion rates and speedier time-to-degree.

UC nonresident cap. The 2017 Budget Act required the UC Board of Regents to develop a nonresident enrollment cap. The policy, which went into effect in Fall 2018, prevents undergraduate nonresident enrollment at five UC campuses from growing past 18% of the student body, and freezes nonresident enrollment at current levels at four other campuses: Irvine (19%), San Diego (22%), UCLA (23%) and Berkeley (25%).

Other Ideas to Build Capacity

There are numerous other efforts underway or in discussion to increase higher education access in California. The three public segments, and the association representing private non-profit colleges and universities, have all been invited to this hearing in part to discuss creative ideas for increasing capacity. Among those ideas are:

Partnerships. Campuses across the state have created partnerships to better utilize campus' space, cut students' costs and increase time-to-degree. Examples include:

- *Community college-university partnerships.* Hartnell College and CSU Monterey Bay jointly run the CSin3 program, which provides a pathway and support structure for students to earn a bachelor's degree in computer science in three years. Students in this program take classes at both schools and must commit to year-round participation. Riverside City College, CSU San Bernardino and CSU Fullerton have created a program that allows community college associate degree nursing students a pathway for completing a bachelor's degree in nursing within six months students graduating with their associate's degree.
- *Public-private partnerships.* Through a memorandum of understanding signed in 2017, UC Berkeley and Mills College in Oakland have partnered to allow Berkeley students to take classes at Mills and live in student housing on the Mills campus. In addition, the 2018 Budget Act required private nonprofit colleges to begin accepting community college ADTs to continue the colleges' participation in the Cal Grant program at current funding levels. About 40 colleges have agreed to create ADT pathways.
- *Regional partnerships.* As noted in the College Futures Foundation report, "the availability of higher education close to home makes college-going more accessible, especially for underrepresented students. Many students need or want to attend college close to their families and existing support systems, and after graduation, they need or want to stay and contribute to their communities. Businesses, K-12 districts, community colleges, and four-year institutions can work together through regional consortia to collect data and develop strategies. Such partnerships can move quickly than the state to expand student success initiatives and innovate to optimize the use of local spaces. They also can more closely assess the area's needs and act accordingly, increasing and accelerating completion of degrees that will fill current and future demands."

The Governor's Budget proposes a significant amount of funding - \$17 million one-time General Fund – to support one such regional K-16 program in Fresno.

Improved Graduation Rates. All three public segments have goals to increase graduation rates, a strategy that should lead to faster time-to-degree and open up seats for other students. UC 2030 aims to increase bachelor's degree production by 20% over current trends, or 200,000 more degrees. Goals include a 90% six-year graduation rate, a 75% four-year graduation rate, and eliminating gaps in timely graduation for low-income, first generation and underrepresented minority students. CSU's Graduation Initiative 2025 also seeks to eliminate degree gaps for low-income and underrepresented minority students, and increase six-year graduation rates to 70% and four-year rates to 40%, as well as improving transfer students' rates. The California Community Colleges' Vision for Success has multiple goals, including increasing degree and credential output by 20%, increasing transfer by 35%, reducing equity gaps and regional attainment gaps, as well as reducing the average number of units accumulated by students earning a degree.

CSU reports reports six-year graduation rates for freshmen rose from 57% to 62% between 2015 and 2019, and four-year rates grew from 19% to 28%. Two- and four-year graduation rates for transfer students are also on the rise. Equity gaps have not improved, however. Community colleges have also shown some improvement in overall graduation rates, but gains are minimal: a 1% increase in the number of students who earned a degree or credential, and a 3% increase in students who transferred to UC or CSU.

UC is seeking \$60 million ongoing General Fund to increase graduation rates; CSU is seeking \$105 million ongoing General Fund.

Serving underserved populations. Community colleges in particular are pursuing multiple efforts to increase higher education participation among underserved communities. Even under the new Student Centered Funding Formula, enrollment remains the key cornerstone for community college budgets.

For example, many colleges are operating programs for incarcerated students. Legislation in 2014 allowed colleges to earn apportionment funding for incarcerated students, and a 2016 proposition provides incentives for inmates to participate in educational programs. About 40 colleges have developed programs to serve incarcerated students and/or recently-released students, and as of Fall 2017, more than 7,000 students were receiving community college instruction in state prisons. The 2018 Budget Act provided \$5 million one-time Proposition 98 to support these kind of programs, and the Community College Board of Governors has requested \$10 million in ongoing funding in 2020-21 to continue this work.

Dual enrollment – a practice in which high schools students take community college courses – is a growing practice, and has shown multiple benefits for students in both systems: students in these programs are more likely to graduate from high school, enroll and persist in college, and outperform non-dual enrollment students even when controlling for demographic or socio-economic factors. A January 2020 report from Wheelhouse: The Center for Community College Leadership and Research found that nearly 13% of California high school students were taking community college courses in the 2016-17 year. A key issue, however, is how to scale up these programs to serve more students who are underrepresented in higher education.

UC operates high school and community college outreach programs aimed at increasing applications and admissions for targeted student groups. These programs, called Student Academic Preparation and Educational Partnerships (SAPEP), have been proven to increase student' academic achievement and college-readiness. State funding for these programs has been stagnant for several years, at about \$12.6 million annually. At the urging of the UC Student Association, the UC Board of Regents included an augmentation of \$23 million ongoing General Fund in its budget request to the state.

Summer school. Summer school is a clear strategy for universities to better use facilities and allow students an opportunity for a faster degree. Both UC and CSU in recent years have attempted to increase summer participation among students. UC reports nearly 84,000 students took at least one summer school course in 2019 through a concerted effort by most campuses to increase summer participation. Campuses offered more than 5,600 courses in summer 2018, according to a recent UC report, which is more than double the number of summer courses offered in 2000. CSU reports that nearly 21,000 students took at least one summer course in 2018-19, and many campuses are supporting summer school through Graduation Initiative 2025 activities. The 2019 Budget Act provided \$6 million to CSU and \$4 million to UC to provide financial aid to students taking summer school, and. This funding was set to be offered annually through 2021, at which time the Administration could determine if state revenues were sufficient to continue the program. The Governor's Budget proposes extending this program until at least 2023.

CSU Centers. CSU campuses' operate 8 satellite campuses, or centers, serving about 4,100 full-time equivalent students. These centers often offer full bachelor's degree programs in areas with scarce higher education options. Expanding these centers could provide more access to underserved areas of the state, at a much lower cost than building new campuses. The second largest CSU center, in Palm Desert, currently serves about 800 full-time equivalent students, but its Master Plan calls for major growth: with a gift of 120 acres of land from the city of Palm Desert, the center hopes to grow to as many as 8,000 FTE.

Potential Questions

- Are there statutory or other barriers to increasing inter-segmental partnerships that could add capacity at universities? Are there budgetary or policy choices the Legislature could make to incentivize more partnerships?
- What strategies do the universities employ to ensure all Californians have a chance for admittance?
- How can UC, CSU and the community colleges work together to better align transfer programs, which would allow students' easier pathways to either a UC or CSU campus?
- How many spaces would open up at UC or CSU if graduation rates improved to the rates both segments are seeking?
- How do UC and CSU plan to increase summer school attendance?
- How can CSU increase use of centers as a method of delivering higher education to more Californians?
- Has online education increased high education access, and how are the segments working to ensure that students of all types are successful in these courses?
- What strategies are community colleges using to increase transfer?
- How can community colleges provide courses to more underserved populations?
- Which UC and CSU campuses have the most physical space to grow?
- How is CSU implementing the local priority protections required by the 2017 Budget Act? Is CSU able to discern any impact from this policy?

This agenda and other publications are available on the Assembly Budget Committee's website at: <https://abgt.assembly.ca.gov/sub2hearingagendas>. You may contact the Committee at (916) 319-2099. This agenda was prepared by Mark Martin.