


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 6, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee

FROM: Sharon M. Tso  Chief Legislative Analyst Council File No.: 15-0002-S167
Assignment No.: 16-04-0354

SUBJECT: Resolution (Ryu – O’Farrell – et. al) relative to impaction at the California State University and the California Master Plan for Higher Education

CLA RECOMMENDATION: Adopt Resolution (Ryu – O’Farrell – et. al) to include in the City’s 2015-16 State Legislative Program SUPPORT and/or SPONSORSHIP of legislation that would: (1) allocate additional funding to the California State University system in order to eliminate impaction, and (2) update the California Master Plan for Higher Education to ensure access to public higher education for all eligible students.

SUMMARY

Resolution (Ryu – O’Farrell – et al.), introduced on April 6, 2016, states that employers in California require better-skilled workers yet the State’s public universities cannot accommodate all eligible students to meet the projected demand for employees with bachelor’s degrees. The Resolution states that the California State University (CSU) awards approximately half of the bachelor’s degrees, one-third of the master’s degrees, and nearly two percent of the doctoral degrees awarded annually in California. According to the Resolution, the CSU offers a gateway to well-paying jobs for students from various backgrounds, including: first generation students, students living in poverty, and students from immigrant families.

Pursuant to the California Master Plan for Higher Education, the CSU accepts the top third of California high school students. The Master Plan has come under increasing strain, as thousands of CSU-eligible students were denied admission to the university as a result of budget limitations and impacted majors and campuses. The Resolution advises that funding levels for the CSU in the 2016-17 Proposed State Budget are insufficient to meet demand.

The Resolution recommends that the City support and/or sponsor legislation that would increase funding to CSU to eliminate impaction and to update the California Master Plan for Higher Education to ensure access to public higher education for all eligible students.

BACKGROUND

The CSU provides public postsecondary instruction to students at twenty-three campuses located throughout the State and accepts the top one-third of California high school graduates. The CSU enrolls 474,000 students, employs 49,000 faculty and staff, and emphasizes the education of undergraduate and graduate students. Faculty research is consistent with the CSU’s primary mission of postsecondary education.

The CSU reports that the five CSU campuses located in the Los Angeles region (Fullerton, Northridge, Dominguez Hills, Long Beach, and Los Angeles) have a direct economic impact of

\$2.6 billion and a total spending impact of nearly \$4.4 billion on the Los Angeles regional economy. The CSU supports 39,000 jobs in the region and generates \$252 million in tax revenues. For every dollar expended by Los Angeles area campuses, \$1.70 is generated for the regional economy.

From 2008 to 2012, State revenue to the CSU was reduced by \$1 billion. Subsequently, the CSU was required to turn away 20,000 to 25,000 qualified students per academic year.

2016-17 Proposed State Budget for CSU

On January 7, 2016, the Governor released the 2016-17 Proposed State Budget which included a \$2.93 billion allocation for the CSU. This amount is \$140.4 million greater than the amount provided in Fiscal Year 2015-16. The proposed budget provides sufficient funds to allow for approximately 1 percent undergraduate student enrollment growth. Under the Proposed State Budget, State support for the CSU is slightly less than amounts provided to the university prior to the Great Recession.

Impaction of CSU Campuses and Majors

The CSU reports that an undergraduate major or campus is “impacted” when the number of applications received exceeds the number of available spaces. Such majors or campuses are authorized to use supplementary admission criteria in the evaluation of applications. If a major is impacted, students may be admitted to the campus in an alternate major, or they may be eventually be admitted to the impacted major if they meet supplementary admission criteria.

We note that the following campuses are impacted for all majors during the 2016-17 academic year: Fullerton, Long Beach, San Diego, San Jose, and San Luis Obispo.

The California Master Plan for Higher Education

The California Master Plan for Higher Education (Master Plan) was approved in 1960 as part of the Higher Education Act.

The State’s three public postsecondary education systems include the University of California (UC), the CSU, and the California Community Colleges. One component of the Master Plan is differentiated functions for each of these systems, as follows:

- The University of California (UC) selects among the top 12.5 percent of the State’s high school graduating class and is designated as the State’s primary academic research institution. The UC provides undergraduate, graduate, and professional education and instruction in law, medicine, dentistry, and veterinary medicine. The UC is given exclusive jurisdiction for doctoral degrees.
- The CSU selects among the top 33.3 percent of the State’s high school graduating class and is responsible for undergraduate and graduate education. SB 724 (2006) authorized the CSU to award a Doctor of Education (Ed.D.) in educational leadership.
- The California Community Colleges provide academic and vocational instruction for older and younger students through the first two years of undergraduate education. Community colleges are also authorized to provide remedial instruction, English as a Second Language courses, adult noncredit instruction, community service courses, and workforce training.

Subsequent modifications to the Master Plan allowed all California residents in the top one-eighth or top one-third of the statewide high school graduating class to be offered admission to a UC or CSU campus, respectively. Other components of the Master Plan include the provision of financial aid to ensure that students have the ability to choose a California institution of their choice and the establishment of a governance structure for the three public higher education segments.

In April 2010, the Public Policy Institute of California (PPIC) issued a report regarding the need to update the Master Plan. The PPIC forecasts a deficit of approximately one million college educated workers by 2030 in California unless universities are able to increase enrollment and graduation rates.

The report proposed the following three modifications to the Master Plan to address future shortages of college-educated workers in California and to create more diverse student populations:

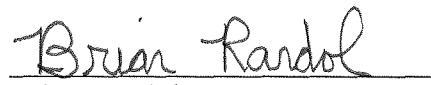
1. The share of the state's high school graduates eligible for UC should increase from the top 12.5 percent to the top 15 percent. In addition, the share of high school graduates eligible for admission to the CSU should increase from the top 33.33 percent to the top 40 percent.
2. Clear goals should be established for students transferring from community college to the CSU and UC. The share of bachelor's degrees awarded to transfer students in both university systems should be increased.
3. The emphasis on student outcomes, such as completion rates, should be increased.

Conclusion

Legislation to increase funding for the CSU and to update the Master Plan is consistent with existing City programs and policies which foster workforce development.

DEPARTMENT NOTIFIED

Economic and Workforce Development Department



Brian Randol
Analyst

Attachment: Resolution

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, California ranks 49th in four-year college enrollment and 45th in Bachelor degree attainment within the college-aged population; and

WHEREAS, the value of a college degree has never been higher, as there is a \$4.50 return to the State for every \$1 invested in a California college student; and

WHEREAS, employers in California demand better-skilled workers, yet the public universities in the State cannot accommodate all eligible students to meet the projected demand for employees with bachelor's degrees; and

WHEREAS, the California State University (CSU) is the largest four-year public university system in the United States and awards approximately half of the bachelor's degrees, one-third of the master's degrees, and nearly two percent of the doctoral degrees awarded annually in California; and

WHEREAS, the CSU system offers a gateway to well-paying jobs for thousands of first generation students, students of color, students living in poverty, and students from immigrant families while serving as role models for younger family members; and

WHEREAS, pursuant to the 1960 California Master Plan of Higher Education, the CSU accepts the top one-third of the State's high school graduates; and

WHEREAS, the Master Plan has come under increasing strain, as an estimated 170,000 CSU-eligible students have been denied admission to the university between 2009-2015 as a result of budget limitations and impacted majors and campuses; and

WHEREAS, while State funding to the CSU have increased as the economy continues to recover from the economic downturn, State funding has not yet reached pre-recession levels while demand for bachelor's degrees continues to increase; and


WHEREAS, continued budget shortfalls could result in tens of thousands of Los Angeles high school graduates being denied admissions to the university; and

WHEREAS, funding levels for the CSU in the 2016-17 Proposed State Budget are insufficient to meet demand; and

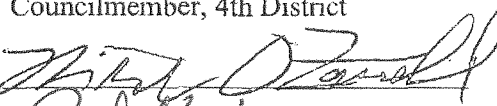

WHEREAS, the Legislature should increase funding to CSU to eliminate impaction and update the Master Plan to ensure that all eligible students are able to attend;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 State Legislative Program SUPPORT and/or SPONSORSHIP of legislation that would: (1) allocate additional funding to the California State University system in order to eliminate impaction, and (2) update the California Master Plan for Higher Education to ensure access to public higher education for all eligible students.

PRESENTED BY:


DAVID E. RYU
Councilmember, 4th District

SECONDED BY:



Paul Kretz

APR 22 2016

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