



# Higher Education in California

## New Goals for the Master Plan

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### SUMMARY

Fifty years ago, state policymakers and higher education officials adopted California's Master Plan for Higher Education. This plan still largely defines policies concerning the state's public higher education systems: the California community colleges (CCC), the California State University (CSU) system, and the University of California (UC) system. Most would agree that the Master Plan has served California and its students well for many decades.

Today, however, higher education in California faces two crises: the budget problem and the education skills gap—an impending shortfall of the projected supply of college graduates relative to demand. PPIC projects a deficit of one million college educated workers in California by 2025 unless the state is able to substantially increase rates of college enrollment and graduation. California cannot close the gap by drawing college educated workers from elsewhere. Instead, the state will need to produce more graduates through its own colleges and universities. Additional funding would be required to accomplish this goal, a tall order in today's fiscal climate.

Updating key components of the Master Plan is a crucial part of the effort to close the education skills gap. This report proposes three strategic modifications to the plan:

- Eligibility goals for the CSU and UC systems should be gradually increased to new levels by 2025. The share of the state's high school graduates eligible for UC should grow from the top 12.5 percent to the top 15 percent of high school graduates. The share eligible for CSU should grow from the top 33.3 percent to the top 40 percent.

- The Master Plan should set explicit goals for transfer from the community colleges to UC and CSU. A target for larger shares of bachelor's degrees awarded to transfer students at both systems should be defined.
- A new component of higher education policy that focuses on outcomes—specifically, completion rates—should be added to the Master Plan.

An important consideration in adopting these goals is whether sufficient numbers of California's high school graduates will be college-ready. This report considers both the current college-readiness of California's high school students and the potential of remediation programs—programs designed to help college students improve basic skills. We find that CSU's approach, which requires that students complete all remediation work within one year, is highly effective and recommend that a similar approach be adopted by community colleges.

Updating California's Master Plan along these lines will have additional benefits. In particular, we find that increasing eligibility levels would lead to a more diverse student body—racially, ethnically, and economically—in both the UC and CSU systems.

Funding challenges represent perhaps the largest obstacle to meeting the new goals. Our projections suggest that the costs of our proposals, once fully implemented in 2025, would amount to about \$1.6 billion per year (in current dollars) under current (2009–2010) practices. Finding these funds will not be easy. But in the long run, failure to achieve new progress in higher education will cost California even more.

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