Higher Education Finance in California

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Supported with funding from California Postsecondary Education Commission Foundation and the Donald Bren Foundation
Tuition increases at UC and CSU have raised concerns

- UC and CSU core revenues come from two sources
  - State fiscal support
  - Student tuition
- As state support declined, UC and CSU increased tuition
- These increases raised concerns about affordability and efficiency
State support for UC and CSU declined ...
... and tuition increased dramatically
The share of revenue from tuition now exceeds the share from the state.

UC
- Net Tuition per FTE
- State Appropriations per FTE

CSU
- Net Tuition per FTE
- State Appropriations per FTE

<table>
<thead>
<tr>
<th>Year</th>
<th>UC Net Tuition</th>
<th>UC State Appropriations</th>
<th>CSU Net Tuition</th>
<th>CSU State Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$6,000</td>
<td>$12,000</td>
<td>$3,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>2012</td>
<td>$12,000</td>
<td>$15,000</td>
<td>$9,000</td>
<td>$12,000</td>
</tr>
</tbody>
</table>
Grants and scholarships have helped lower-income students cover tuition

UC

Average net tuition (in thousands)

2008-09  2009-10  2010-11  2011-12

CSU

Average net tuition (in thousands)

2008-09  2009-10  2010-11  2011-12

Full Tuition

Income: 110K+

Income: 75-110K

Income: 48-75K

Income: 0-48K
But net price has increased for low-income students at CSU
Have UC and CSU become less efficient?

- Instruction costs, the largest budget category, have not changed much since 2005
  - Slight increases at UC
  - Slight decreases at CSU

- Administrative costs, the second-largest budget category, have also changed little
  - Slight decline at UC
  - Slight increase at CSU
Funding could be more closely aligned with state goals

- State funding has been based on enrollment rather than outcomes
- Other states have implemented performance-based funding systems
- Performance measures need to be carefully considered
What should be measured?

- Student progression toward goals
- Student completion rates
- Institutional efficiency and productivity
- Outcomes for graduates (debt, jobs, wages, graduate school)
Key implications and issues

- The state needs to commit to keeping college accessible
- Attempts to restrain costs can be counterproductive
  - Freezing tuition can lower enrollment
  - Shifting to non-tenured faculty can curtail research
- Performance budgeting might help align funding with state goals
- To evaluate what works, we need better data
Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.
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