



Defunding Higher Education

What Are the Effects on College Enrollment?

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SUMMARY

California's financial commitment to higher education has been compromised by fiscal crises and competing state priorities. Despite large increases in the demand for higher education, state general fund spending in this area has declined notably over the past ten years. California now spends more on corrections than on its public universities.

This report examines the effects of this disinvestment on the enrollment rates of recent high school graduates at the University of California (UC), the California State University (CSU), and the California Community Colleges. Key findings include:

- Increasingly, high school graduates in California are less likely to enroll in any four-year college.
- Enrollment rates at UC and CSU have fallen by one-fifth over the past five years, from about 22 percent of all high school graduates to below 18 percent.
- Among the state's most highly prepared high school graduates, the enrollment rate has declined even more—from around 67 percent to 55 percent.
- Many opt for overcrowded community colleges, but increases in enrollment rates there do not make up for the declines at UC and CSU.
- A small but notable share of those who were eligible and even accepted into UC and CSU do not attend college anywhere.

These enrollment declines have occurred as California's public colleges and universities have employed various strategies to balance their budgets. Those strategies include cutting courses, programs, and student services, as well as making administrative cuts. Certain policies and practices have been designed to limit enrollment, including capping enrollment at more desirable campuses. From a student perspective, the increased tuition and fees at UC and CSU campuses have been the most dramatic change, and community college students have faced greater difficulties in finding classes.

Increased state funding for higher education would almost certainly reverse these trends. A proposed tax initiative could lead to increased revenue for the state, with policy-makers explicitly identifying higher education as a primary beneficiary if the initiative passes. Regardless of the success of the initiative, steps could and should be taken to ensure that higher education expenditures are allocated in as efficient a manner as possible. One suggestion, for example, would fund the state's colleges on the basis of student outcomes, such as courses and degrees completed, as well as enrollment. But without additional revenue, such steps are not likely to fully overcome the overall decline in state support for higher education.

If current enrollment trends persist, California faces an alarming loss of college graduates—at a time when the state needs to be developing a more highly skilled workforce to ensure its future prosperity. PPIC has projected that the state will fall one million college graduates short of economic demand by 2025 unless enrollment and graduation rates improve substantially. Had enrollment rates not declined over the past few years, California would be on a path toward closing this workforce gap. Instead, it looms as large as ever.

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