

# Higher Education Finance in California

**Hans Johnson**

**Kevin Cook, Jacob Jackson, Patrick Murphy,  
and Margaret Weston**

Supported with funding from California Postsecondary Education Commission Foundation  
and the Donald Bren Foundation



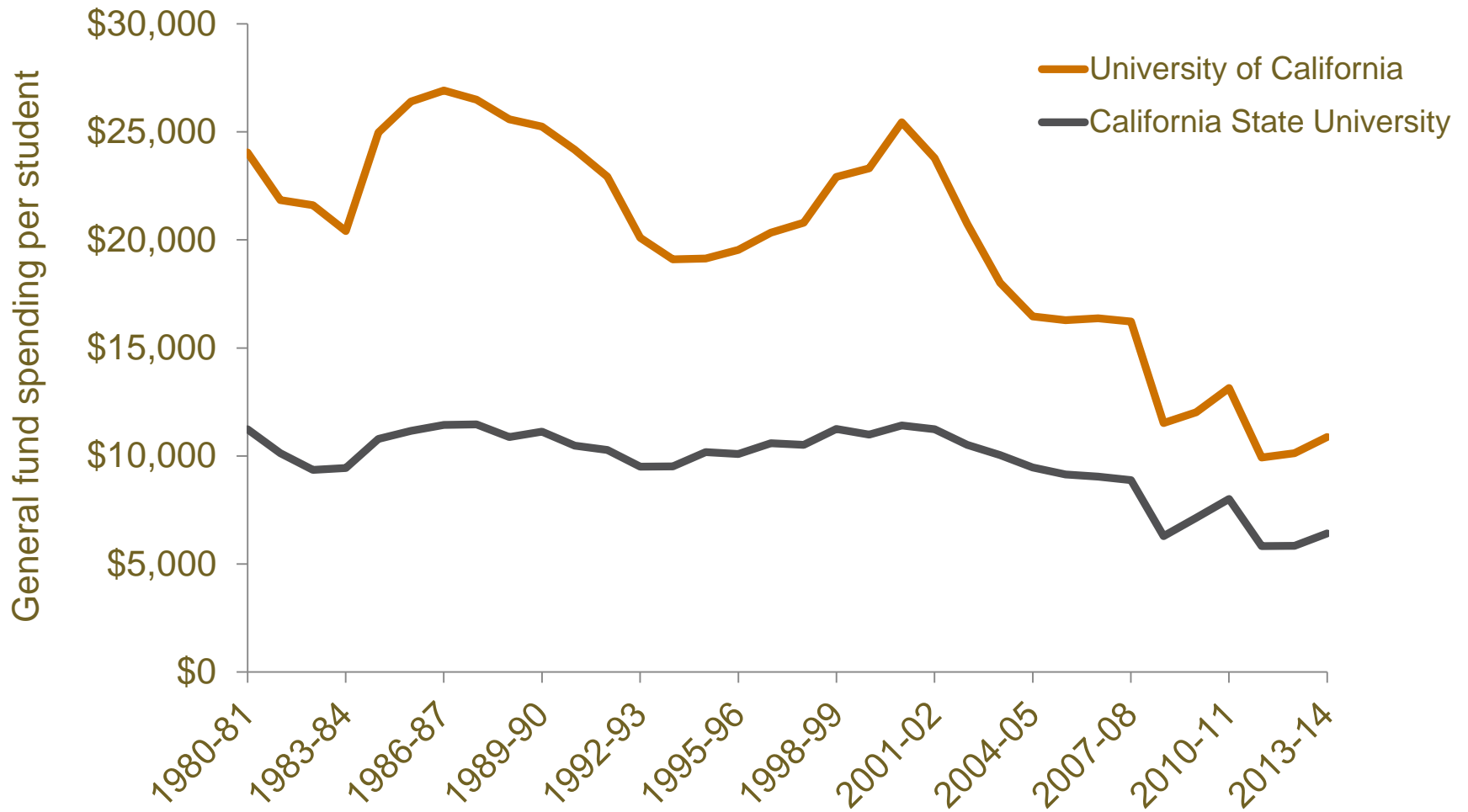
# Tuition increases at UC and CSU have raised concerns

---

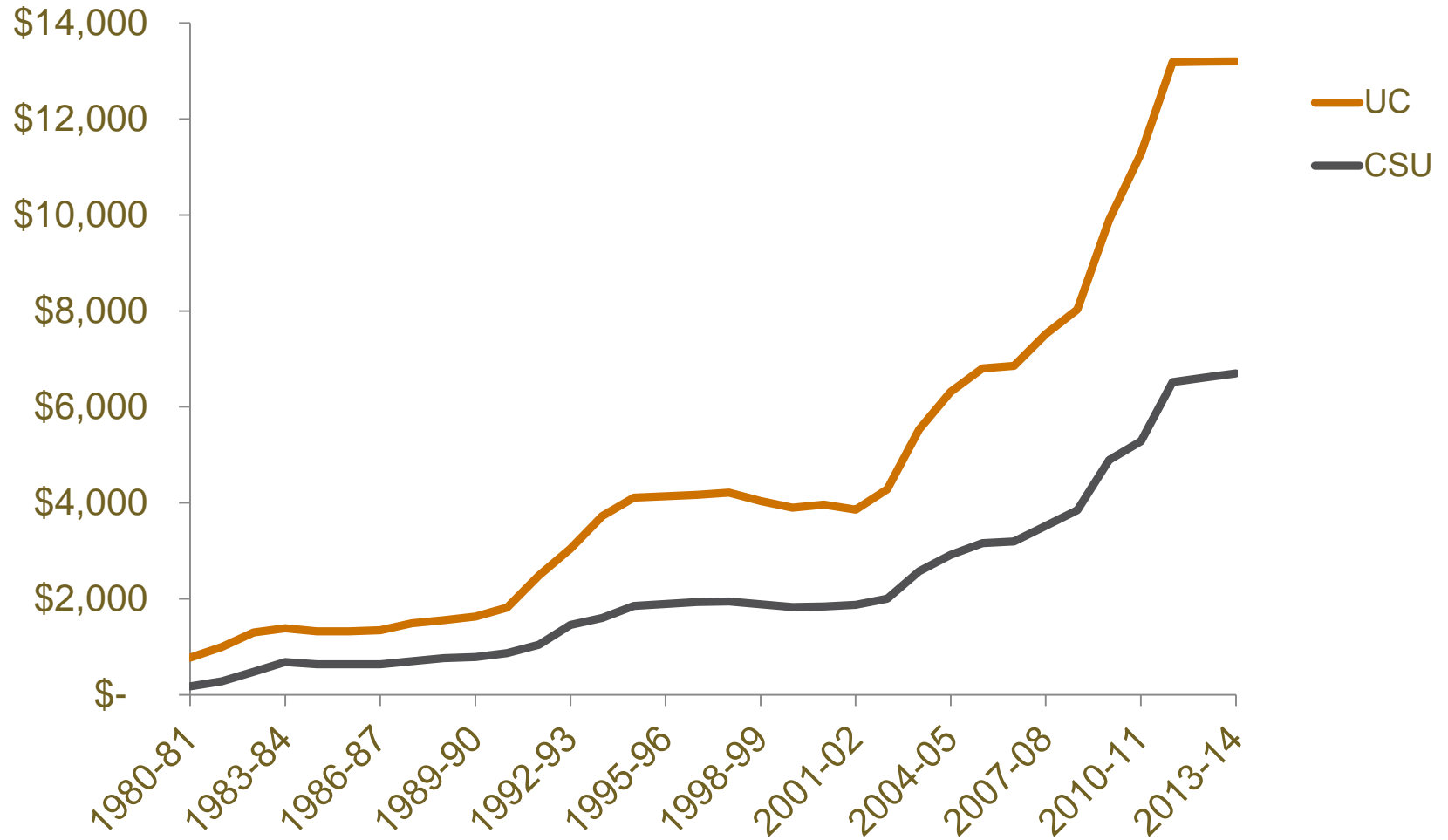
- UC and CSU core revenues come from two sources
  - State fiscal support
  - Student tuition
- As state support declined, UC and CSU increased tuition
- These increases raised concerns about affordability and efficiency



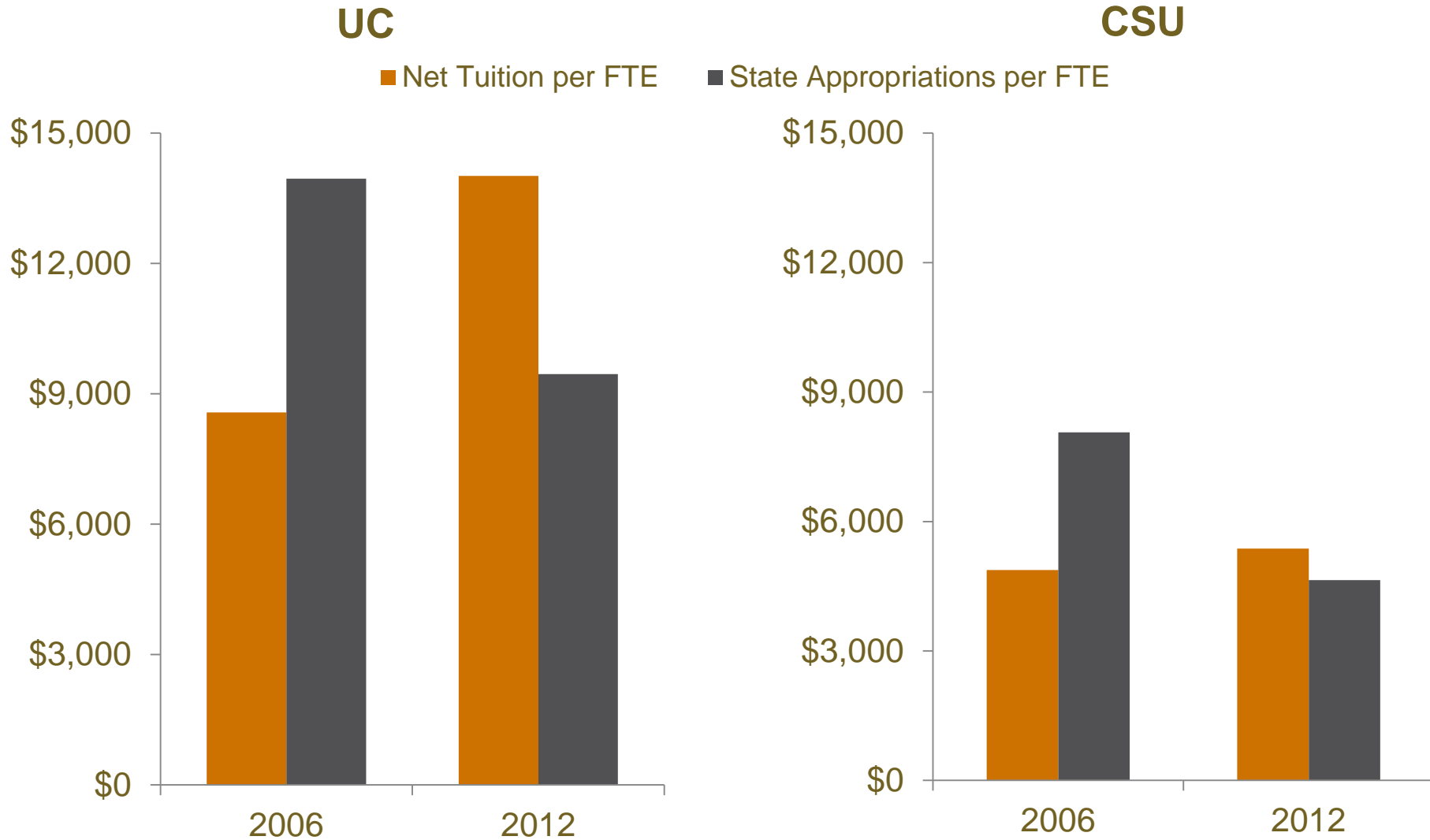
# State support for UC and CSU declined ...



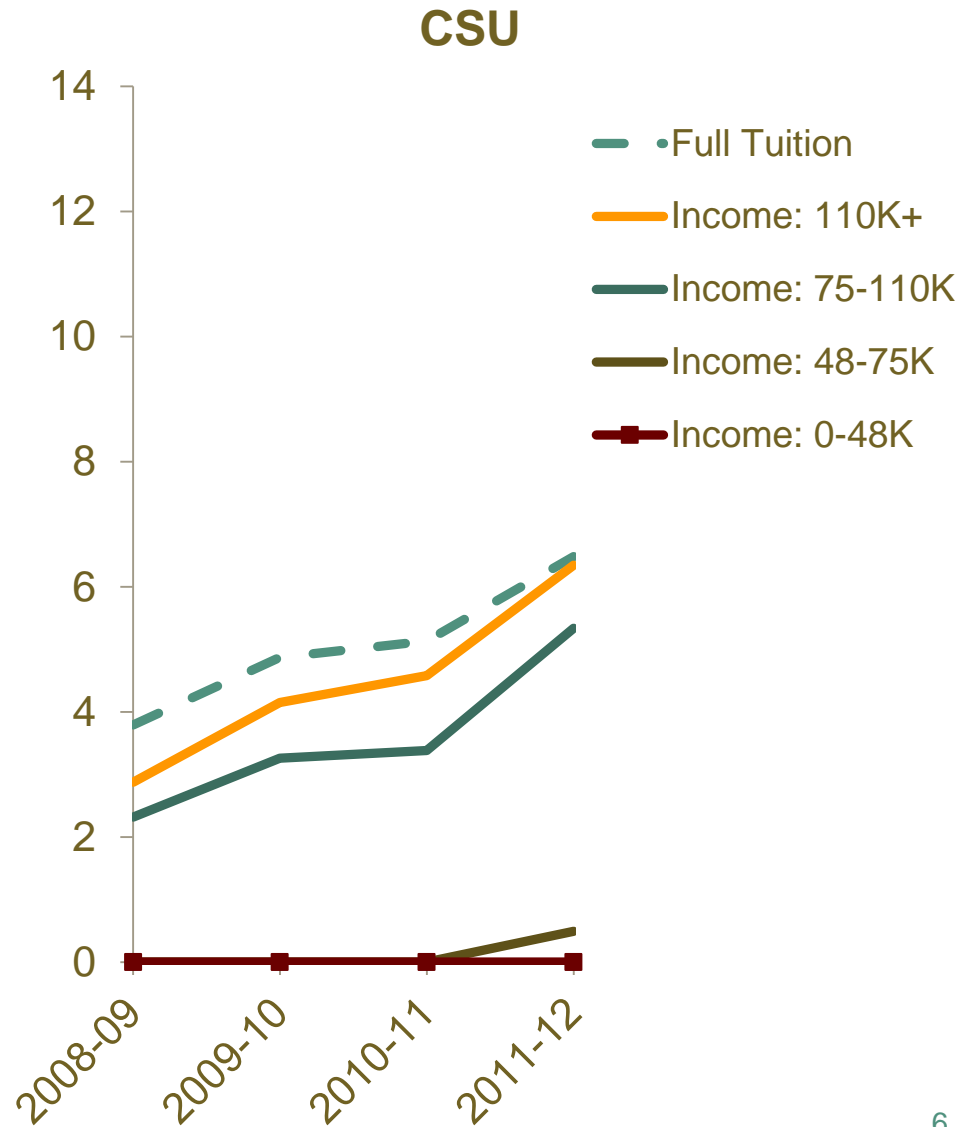
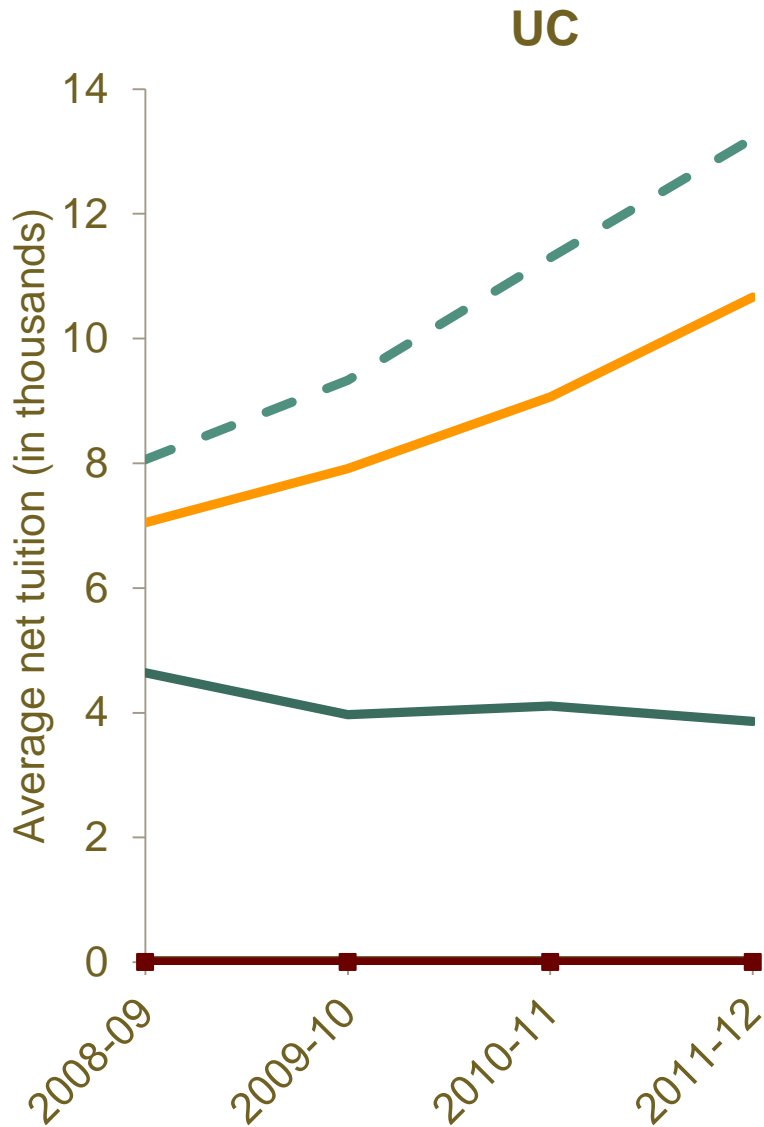
# ... and tuition increased dramatically



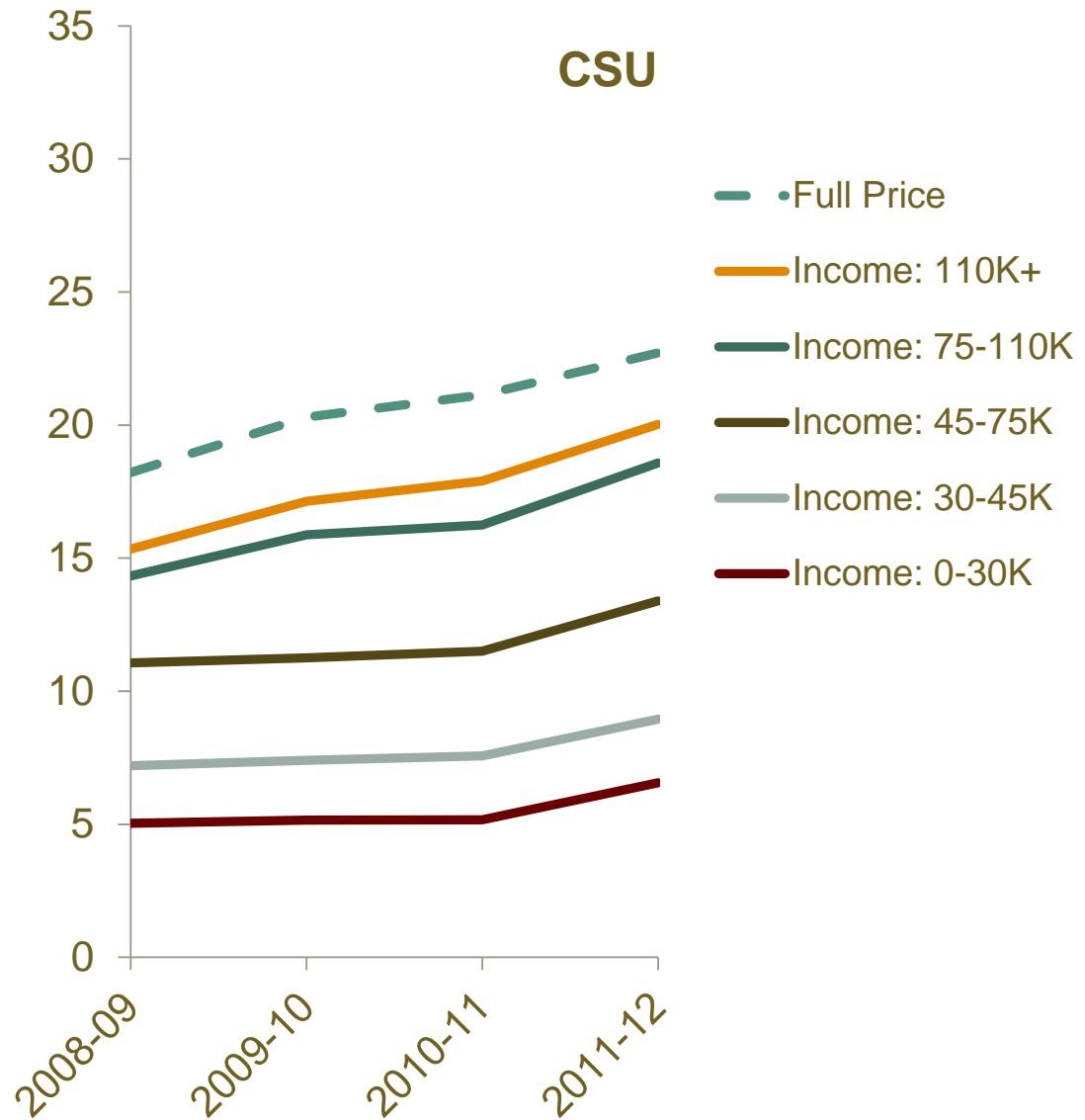
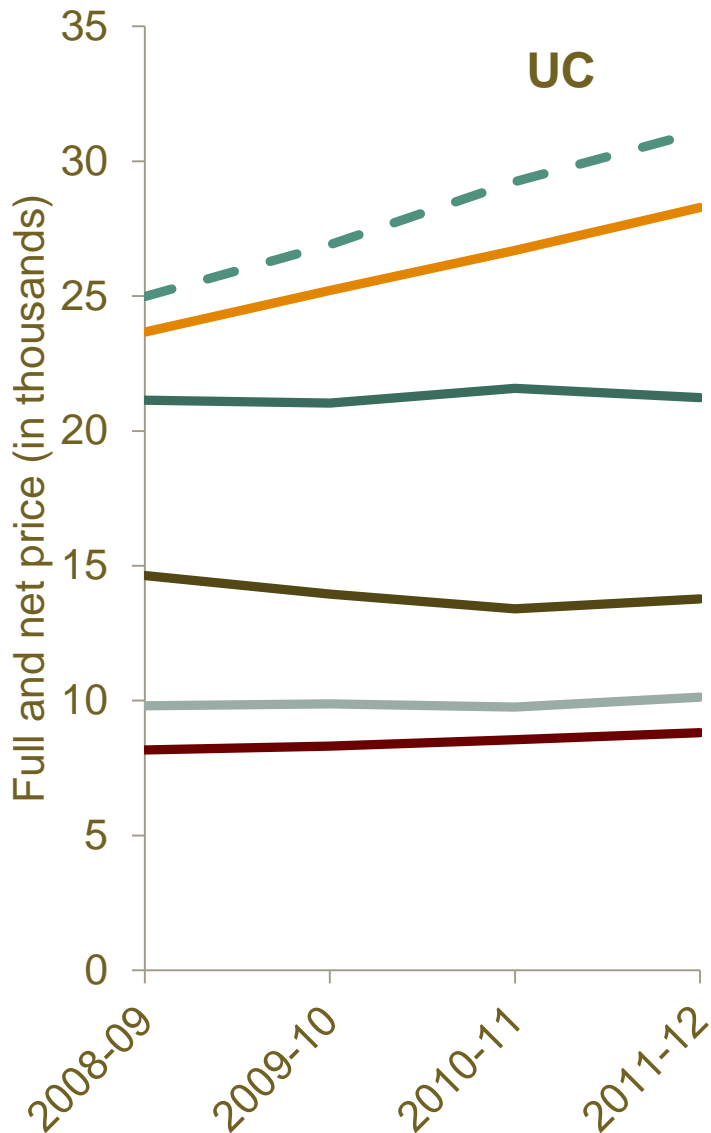
# The share of revenue from tuition now exceeds the share from the state



# Grants and scholarships have helped lower-income students cover tuition



# 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:

Hans Johnson (johnson@ppic.org; 415-291-4460)

Thank you for your interest in this work.



# Higher Education Finance in California

**Hans Johnson**

**Kevin Cook, Jacob Jackson, Patrick Murphy,  
and Margaret Weston**

Supported with funding from California Postsecondary Education Commission Foundation  
and the Donald Bren Foundation

