

California needs more college graduates

California is projected to fall 1.1 million bachelor’s degrees short of economic demand by 2030. Expanding access to higher education could help shrink the gap, but California also needs to boost the likelihood that students who enroll in college will stay on track to earn degrees.

Bachelor’s degree holders are much less likely to be unemployed than those who do not obtain a four-year degree; they also tend to have higher incomes. While California’s community colleges play a key role in preparing students for well-paying jobs, California also needs to increase the number of community college students transferring to and graduating from four-year schools. Policies that focus on preparing students for college-level courses are key to increasing transfer and completion rates—and shortening the amount of time needed to graduate.

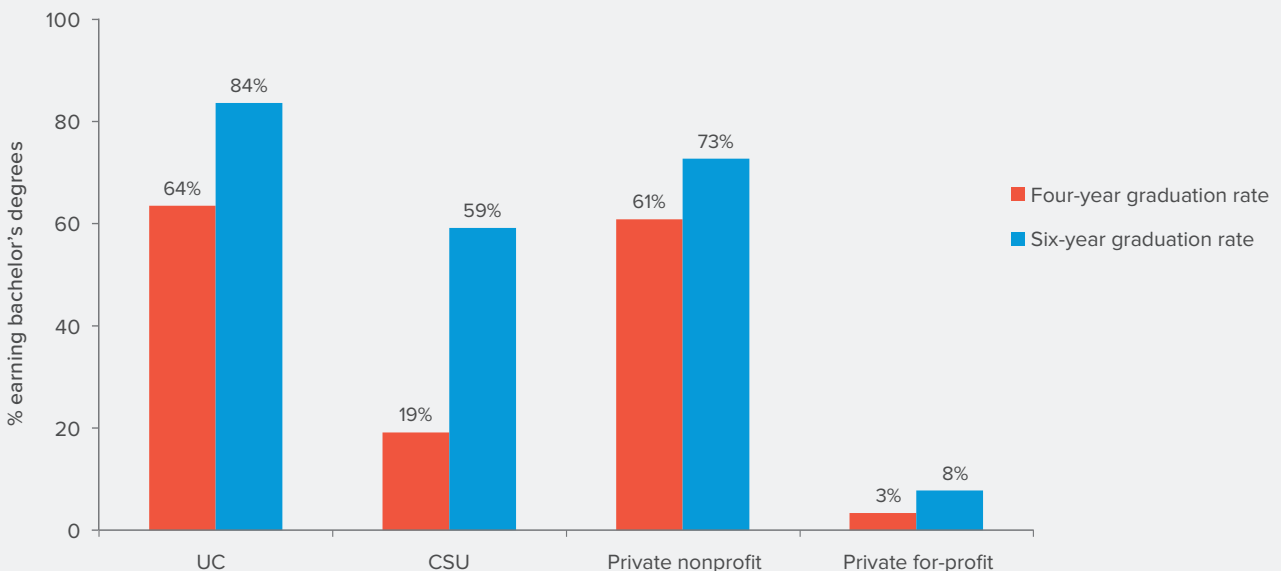
Graduation rates vary across institutions and demographic groups

The share of adults with bachelor’s degrees is slightly larger in California than in the United States as a whole—but students often take longer than four years to graduate. This increases individual costs, delays entry into the workforce, and reduces the number of slots for new students.

- Graduation rates are improving at California’s public universities, but few finish in four years.**

Over the past decade, both the California State University (CSU) and the University of California (UC) have increased graduation rates and shortened the amount of time it takes students to earn degrees. But there is room for improvement. UC’s six-year graduation rate (84%) is slightly higher than rates at private nonprofits, but only 64 percent of students graduate on time (within four years). CSU’s graduation rates are much lower: about 59 percent of students graduate within six years and only 19 percent graduate in four years. Students at private for-profit universities fare even worse.

MANY STUDENTS TAKE LONGER THAN FOUR YEARS TO EARN BACHELOR’S DEGREES



SOURCE: Integrated Postsecondary Education Data System (IPEDS).

NOTES: 2012 IPEDS-defined adjusted entering cohort. All UC and CSU campuses reported graduation rates, 64 percent of private nonprofit colleges reported graduation rates, and 39 percent of private for-profit colleges reported graduation rates.

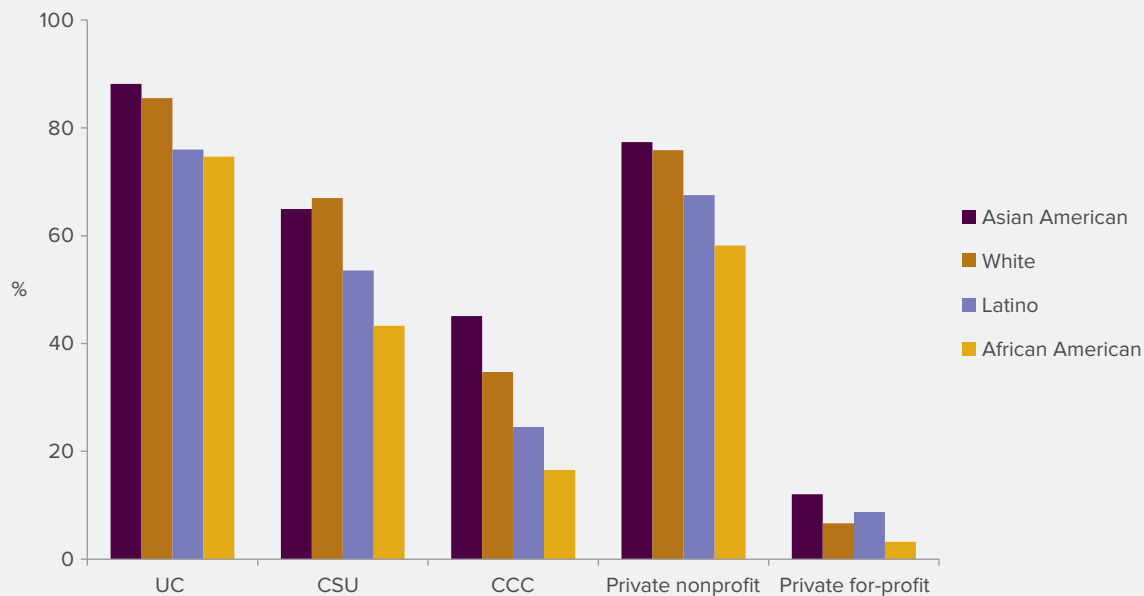
- **Graduation rates vary across demographic groups.**

Recent improvements in graduation rates have been similar across all demographic groups, so long-standing gaps persist. Women are more likely to graduate than men, as are students from wealthier families compared to students from low-income families. White and Asian American students have higher completion rates than African American and Latino students across all types of postsecondary institutions. CSU recently launched a new program that aims to close these graduation gaps while substantially increasing both four- and six-year graduation rates by 2025.

- **A range of academic and economic factors can make it difficult to graduate in four years.**

A variety of issues can keep students from graduating on time. Many students face academic challenges, such as limited course availability and placement in developmental (or remedial) education. Many have to work at least part time to cover expenses and/or receive insufficient financial aid; as a result, they may need to reduce their course loads, lengthening the amount of time it takes to graduate.

GRADUATION RATES FOR RACIAL/ETHNIC GROUPS VARY ACROSS SYSTEMS



SOURCE: Integrated Postsecondary Education Data System (IPEDS).

NOTES: 2012 IPEDS-defined adjusted entering cohort graduation rates within three years of entering community colleges, and within six years of entering four-year colleges. Graduation rates are available for all UC and CSU campuses, but for only about 64 percent of private nonprofits and about 39 percent for private for-profits.

Transfers from the California Community Colleges are essential to improving completion

California is more reliant on its community colleges as a point of entry to postsecondary education than almost any other state. Community colleges serve a diverse population with diverse goals. Not all students intend to obtain associate degrees or transfer to four-year programs—many are interested in technical training or learning new skills. But large numbers of students do enter community colleges with the hope of transferring and earning a bachelor’s degree.

- **Completion rates are low at community colleges.**

Only 13 percent of community college freshmen receive an associate degree after two years, and 31 percent do so within three years. These very low rates reflect the diversity of student goals. However, only about 48 percent of students aiming to receive an associate degree or certificate, transfer to a four-year school, or complete at least 60 transferable units do so within six years. There are large completion gaps among racial/ethnic groups, with Asian American and white students more likely than their African American and Latino classmates to finish.

- **The transfer process can be complicated, but it is improving.**

Varying requirements can deter students from transferring or keep them at community colleges longer. Articulation agreements between schools (which specify the courses and grades required to transfer) are often campus specific—so credits that are accepted at one four-year school might not be accepted at another. Transfer pathways are improving: the number of degrees awarded through the Associate Degree for Transfer (ADT)—a program that prepares students for transfer to any CSU campus—increased from about 11,000 in 2013–14 to nearly 50,000 in 2017–18. Many private institutions have also signed on to the ADT; this will lead to a more streamlined transfer process.

- **Students who do eventually transfer are likely to earn degrees.**

Students who end up transferring from a community college to a UC school have graduation rates that are similar to those of first-time freshmen, and transfers to CSU have better graduation rates than first-time CSU freshmen (79% vs. 61% for students admitted in 2012). In fact, in 2017–18, transfers from community colleges made up only 36 percent of entering students at CSU, while transfer students who graduated that year received 51 percent of all CSU diplomas.

College readiness is a key factor

Many factors influence completion rates at two-year and four-year colleges, but preparedness plays a major role. Entering students who are ready to take college-level courses can graduate more quickly—and when remediation is needed, it should facilitate rather than deter student progress.

- **College readiness has improved in recent years.**

The share of high school seniors who have completed the coursework required for admission to UC or CSU is at a historic high, and enrollment in advanced placement courses and participation in the SAT are on the rise. Also, California now has K–12 standards and assessments that are designed to better prepare students for college and careers. California’s statewide standardized tests give students an early indication of their readiness for college-level work at CSU or CCC. In 2018, 56 percent of 11th graders needed to pass just one more class to be ready for college-level courses in English at the CSU and most community colleges, compared to about 31 percent in math.

- **Students in developmental education have worse outcomes.**

Many students are deemed unprepared for college-level coursework upon entering college and are directed to take developmental (or remedial) courses. Students who start college in developmental courses are less likely to earn a degree or to transfer, and they tend to take longer if they do finish. For example, at the state’s community colleges only 24 percent of students who ever take a developmental English or math course transfer within six years, compared to 65 percent of college-ready students. Research shows that many students placed in remediation could have been successful if they had enrolled in transfer-level courses.

- **Remediation practices are improving.**

While about a third of incoming freshmen at CSU were deemed in need of remediation in 2017, CSU did away with remediation in 2018. All students now enroll in college-level classes; CSU offers co-requisite courses—which provide concurrent remediation—and additional support to help students succeed. In compliance with newly legislated reforms, the community colleges are placing more students directly into college-level classes with similar support.

Looking ahead

The state can boost the number of college graduates by helping students who enroll in its public and private institutions make timely progress toward degrees.

Adopt more strategies to shorten the time it takes to graduate. Both UC and CSU have made progress in expediting graduation, and many campuses are doing more to inform students that they need to take 30 units a year to graduate on time. Financial aid has been shown to increase the likelihood of graduation. Expanding aid to more students and/or expanding aid to cover more costs could increase completion rates. The state could also consider increasing aid to help more students attend nonprofit private colleges, given their high four-year completion rates.

Increase transfer rates from community college. A continued focus on removing barriers can help increase the number of students who transfer and obtain bachelor’s degrees. Specifically, improving placement policies and redesigning

developmental course sequences can increase the number of community college students taking college-level courses and eventually transferring.

Evaluate and improve performance-based funding. Performance-based funding could be a useful tool to improve outcomes in higher education. As a part of the new community college funding formula, a portion of a community college's funding depends on the outcomes of its students, such as the number of degrees/certificates awarded or the number of students who transfer. As the funding plan rolls out the state should evaluate its impact on student achievement and consider how performance funding might work in other institutions.

CONTACT A PPIC EXPERT



Jacob Jackson
jackson@ppic.org











Kevin Cook
kcook@ppic.org



Hans Johnson
johnson@ppic.org

READ MORE

-  CALIFORNIA'S HIGHER EDUCATION SYSTEM
-  EXPANDING COLLEGE ACCESS
-  IMPROVING COLLEGE COMPLETION
-  INCREASING EQUITY AND DIVERSITY
-  INVESTING IN PUBLIC HIGHER EDUCATION
-  MAKING COLLEGE AFFORDABLE
-  MEETING CALIFORNIA'S WORKFORCE NEEDS
-  STRENGTHENING CAREER EDUCATION

This series is funded by the Bill & Melinda Gates Foundation and the Sutton Family Fund.

The PPIC Higher Education Center advances practical solutions that enhance educational opportunities for all of California's students—improving lives and expanding economic growth across the state.

The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research. We are a public charity. We do not take or support positions on any ballot measure or on any local, state, or federal legislation, nor do we endorse, support, or oppose any political parties or candidates for public office. Research publications reflect the views of the authors and do not necessarily reflect the views of our funders or of the staff, officers, advisory councils, or board of directors of the Public Policy Institute of California.

Public Policy Institute of California
500 Washington Street, Suite 600
San Francisco, CA 94111
T 415.291.4400 F 415.291.4401
PPIC.ORG/HIGHER-EDUCATION

PPIC Sacramento Center
Senator Office Building
1121 L Street, Suite 801
Sacramento, CA 95814
T 916.440.1120 F 916.440.1121