California’s higher education system includes three public segments—the University of California (UC), the California State University (CSU), and the California Community Colleges. It also includes more than 150 private nonprofit colleges and about 200 for-profit institutions. In total, the state’s colleges and universities enroll more than two million students from a wide range of backgrounds.

Most students attend public colleges, but a sizable share (25%) attend private schools. Indeed, private nonprofit colleges enroll more students than the University of California. Enrollment in private for-profit colleges has started to decline after increasing sharply for many years.

Unlike most other states, California has no coordinating body for higher education. This makes goal setting, oversight, and coordination more challenging. The Master Plan for Higher Education, adopted by the state legislature in 1960, established a structure and a set of principles for public higher education that are still largely in effect. Through the Master Plan, the state’s public system was able to accommodate dramatic increases in enrollment for several decades while providing broad access and charging little or no tuition. But over the past two decades, tuition has risen sharply and enrollment has not kept up with demand—largely because of reductions in state support.

### MOST CALIFORNIA STUDENTS ATTEND PUBLIC INSTITUTIONS

- **California Community Colleges**: 44.3%
- **Private nonprofit**: 14.5%
- **University of California**: 12.3%
- **California State University**: 18.4%
- **Private for-profit**: 10.5%


**NOTE**: Enrollment is for full-time-equivalent students at two-year-or-more colleges.

### California’s public institutions have distinct missions

- **The University of California is the state’s primary academic research institution.**
  
  UC has 10 major campuses, five medical centers, and three national laboratories. In 2015–16, UC received more than $2.88 billion in awards for research and related projects from federal agencies, with two of these agencies—the National Institutes of Health (NIH) and the National Science Foundation (NSF)—providing nearly three-quarters of UC’s federal support. Six of the schools—Berkeley, Davis, Irvine, Los Angeles, San Diego, and Santa Barbara—are members of the Association of American Universities (AAU), along with 56 other top research-intensive universities. The UC system, which is constitutionally independent of the state, is governed by a 26-member board of regents.
• **UC educates hundreds of thousands of students and has a significant economic impact.**
  UC educates almost 265,000 undergraduate and graduate students and employs about 209,000 faculty and staff. It is the state’s primary awardeer of doctoral and professional degrees. In-state undergraduate tuition and fees were $12,294 in the 2016–17 academic year, and each campus also charges an average of $1,206 in mandatory fees. UC is highly selective: only the top eighth of California’s high school graduates are eligible for admission. The system has estimated its overall impact on the state economy at $46.3 billion.

• **The California State University is the largest university system in the nation.**
  CSU provides undergraduate and graduate instruction to approximately 474,600 students on its 23 campuses and employs about 50,000 faculty and staff. The vast majority of CSU students are undergraduates—the top third of California’s high school graduates are eligible for admission—and CSU awards more bachelor’s degrees than any other segment of higher education in California (about 87,000 in 2014–15). But CSU also awards master’s and doctoral degrees in a few professional fields—and trains a majority of the state’s K–12 teachers. In-state undergraduate tuition and fees averaged $5,472 in the 2016–17 fiscal year, and local campus fees averaged $1,343. The CSU system is governed by a 25-member board of trustees; most are appointed by the governor and confirmed by the senate. CSU estimates that it generates more than $17 billion in economic activity.

• **The California Community Colleges are the nation’s largest higher education system.**
  The state’s community colleges enroll 2.1 million students (about 900,000 on a full-time-equivalent basis) at 114 colleges that are organized into 72 districts. In 2015–16, the community colleges awarded more than 130,000 associate degrees, 60,000 credit certificates, and 15,000 noncredit certificates; more than 103,000 students transferred to four-year institutions. Average annual tuition for full-time students is $1,104, but many students qualify for full fee waivers. The system is governed by a 17-member board of governors appointed by the governor. A locally elected board of trustees appoints campus presidents and oversees the operation and budgets of the colleges in each district.

• **The community colleges have multiple missions.**
  California’s community colleges offer lower-division academic courses for students interested in transferring to four-year colleges; career technical education and vocational certificates; adult basic education, including English-language courses for nonnative speakers; and enrichment courses for members of the community. California’s high school graduates are more likely to attend community colleges than graduates in other states—the state ranks fifth nationwide in the share of recent high school graduates who enroll in community colleges and 47th in the share who start at four-year schools. In 2015, 15 bachelor’s degree pilot programs were approved, offering some community colleges students the opportunity to earn four-year degrees in applied fields such as dental hygiene, respiratory care, and mortuary science.

**California’s private institutions vary widely in size, selectivity, and mission**

• **Private nonprofit colleges range from large research institutions to small liberal arts colleges.**
  California’s largest private nonprofit, the University of Southern California, enrolls about 44,000 students. In contrast, dozens of private nonprofits enroll fewer than 500 students. Graduate students make up a relatively high share of enrollment at private nonprofits. Three private nonprofits—Stanford, the University of Southern California, and the California Institute of Technology—are AAU members. Most private nonprofit colleges are governed by boards of trustees. Many belong to the Association of Independent California Colleges and Universities.

• **Private for-profits serve large numbers of students ...**
  For-profit colleges award more than 60 percent of certificates in California. After years of rapid growth, enrollment at private for-profit colleges is beginning to decline. The largest for-profit educational institutions currently operating in California are Ashford University, the University of Phoenix, and the Academy of Art University; each enrolls more than 10,000 full-time-equivalent students.

• **... but there are growing concerns about cost and quality.**
  Private for-profit colleges account for a disproportionate share of student debt and loan defaults. Controversies over the cost and quality of the training offered by private for-profits have led to greater oversight. In 2015, one of the largest private for-profit colleges (Heald College and its parent, Corinthian Colleges) ceased operations after investigations by the federal government and by attorneys general in several states, including California.
Higher education oversight in California is fractured

Because California does not have a higher education coordinating body, its colleges and universities are governed by a mix of government and independent entities. This makes it difficult for the state to set goals and coordinate its many systems. In other states, higher education coordinating bodies can facilitate the effective use of student-level longitudinal data to assess student progress from high school and through college.

- **The California Student Aid Commission oversees state financial aid expenditures.**
  The California Student Aid Commission administers financial aid programs for California residents attending public and private universities, colleges, and vocational schools in the state. The Cal Grant program, one of the largest in the country, awards about $2 billion annually to students who meet academic and need-based criteria. Most of the awards cover tuition for low-income students at UC and CSU. There are 15 commissioners, most of whom serve four-year terms—11 are appointed by the governor and two each are appointed by the chair of the Senate Rules Committee and the Speaker of the Assembly.

- **The United States Department of Education provides financial aid and collects data on student outcomes.**
  The US Department of Education administers federal financial aid programs, including grants and subsidized student loans. Like many other states, California uses the department’s Free Application for Federal Student Aid (FAFSA) to determine eligibility for its own grant and loan programs. The department collects and publishes descriptive summary-level data on thousands of higher education institutions across the country, including measures such as graduation rates and student debt. This data helps the department evaluate higher education institutions. It also helps parents and students make college choices.

- **Accreditation agencies provide independent oversight.**
  Students cannot receive federal or state financial aid to attend higher education institutions that are not accredited by one of several independent agencies. California’s primary accredditor is the Western Association of Schools and Colleges (WASC). The Accrediting Commission for Community and Junior Colleges—a division of WASC—handles accreditation for two-year colleges (that role is being challenged by the California Community College Chancellor's Office). In general, these agencies use a peer review process to evaluate the quality of higher education institutions.

- **The Bureau for Private Postsecondary Education oversees the state’s private vocational institutions.**
  California’s Bureau for Private Postsecondary Education (BPPE) is a state consumer protection agency that provides oversight and limited regulation. BPPE monitors and attempts to resolve consumer complaints, reviews educational programs, and provides operating licenses.

Looking ahead

In the absence of a higher education coordinating agency, how can California coordinate and regulate its higher education system? Policymakers need to find a way to set overarching, long-term goals and devise strategies to achieve them. They also need to identify the most effective ways to hold institutions accountable to students and to the state.

**The state needs to set new goals for its higher education system.** California has not updated many of its goals for higher education since the Master Plan was adopted more than 50 years ago, and it has no overarching plan for higher education that is consistent with 21st-century realities. There have been signs of progress—for example, California Community Colleges and CSU have adopted ambitious new goals to improve graduation rates and the state recently required UC and CSU to outline ways to close the workforce skills gap. Setting measurable goals—including eligibility for UC and CSU, transfer from community colleges to four-year colleges, and ensuring that college is affordable for all students—is essential for gauging progress toward a shared vision of the state’s future.

**Funding decisions should be tied to growth in the number of college graduates.** The state could encourage more students to go to four-year colleges by providing more funding for enrollment growth at UC and CSU, and by providing more Cal Grant support for students to attend private nonprofit colleges. Recent budget increases have led to enrollment gains at UC and CSU. At the California Community Colleges, the state should consider fiscal incentives to increase high-demand vocational programs and improve transfer pathways to four-year colleges.

**Higher education institutions should work with each other and with the state’s K–12 system.** To improve student outcomes, special attention must be paid to transition points between high school and postsecondary education, and...
between two-year and four-year institutions. The actions of the segments—and individual campuses within those segments—are interdependent. Policymakers and higher education authorities should look to strengthen critical mechanisms of coordination between segments, including transfer processes, as well as data collection and sharing. The California College Promise Innovation Grant Program is an important step in this direction. Signed into law by Governor Brown in 2016, the program creates partnerships among K–12 schools, community colleges, and four-year universities to offer pathways toward educational goals.