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.
Have UC and CSU become less efficient?

- Tracking revenues and costs is difficult
- Efficiency is hard to measure
- We rely on IPEDS data to identify trends in core expenses
UC expenditures by budget area

2012

- Instruction: 24.2%
- Research: 19.8%
- Public Service: 1.9%
- Academic Support: 8.5%
- Student Services: 3.9%
- Institutional Support: 4.8%
- Scholarships and Fellowships: 3.1%
- Auxiliary Enterprises: 9.1%
- Hospitals: 1%
CSU expenditures by budget area

2012

- Instruction: 43.3%
- Research: 13.8%
- Public Service: 12.7%
- Academic Support: 11.0%
- Student Services: 11.4%
- Institutional Support: 5.5%
- Scholarships and Fellowships: 1.4%
- Auxiliary Enterprises: 0.9%
Since 2007, faculty salaries have leveled off at UC...
...and declined at CSU
Administrative expenditures per student have not increased significantly.
Student services expenditures per student have increased
Have UC and CSU become less efficient?

- No evidence that inefficiencies have driven tuition increases
- Difficult to determine if greater efficiencies could be realized
Public colleges are more affordable than private colleges...

![Bar chart showing the total price of attendance for different types of colleges from 2008-09 to 2011-12. Community colleges cost $17,485, CSU $22,819, UC $31,198, Private for-profit $35,323, Private non-profit $51,590, and Private non-profit research $57,706.]
...but private non-profit colleges offer the most aid
Even so, net prices are lowest at public colleges...

![Net price by family income](chart)

- **Community college**
- **CSU**
- **UC**
- **Private non-profit, 4-year**
- **Private for-profit, 4-year**

**Family income ($)**:
- 0–30,000
- 30,000–48,000
- 48,000–75,000
- 75,000–110,00
- 110,000+

Average net price per freshman in 2011–12 ($)
Funding could be more closely aligned with state goals

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

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

- The state needs to commit to keeping college accessible to low- and middle-income students
- 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
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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.