

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

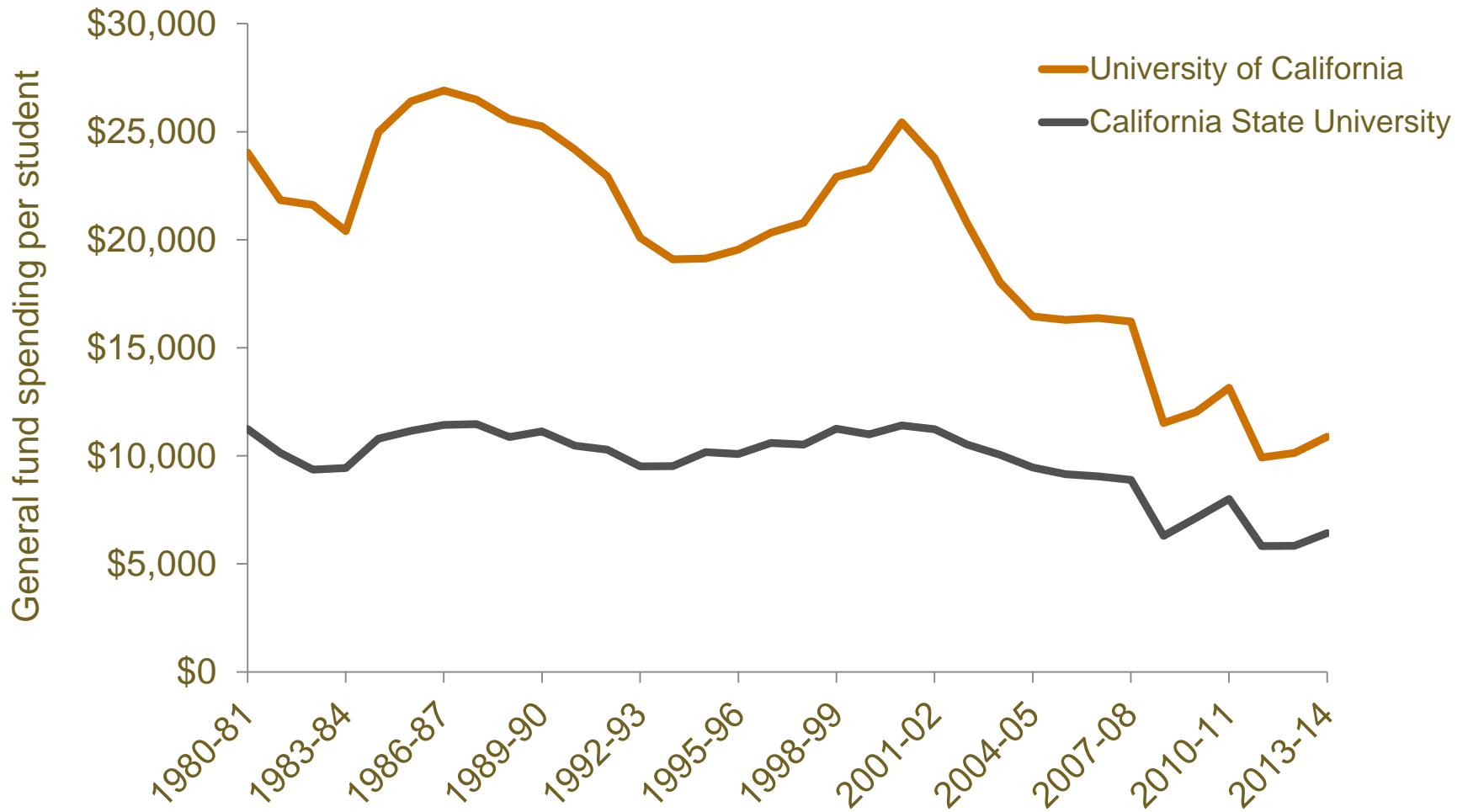


Tuition increases at UC and CSU have raised concerns

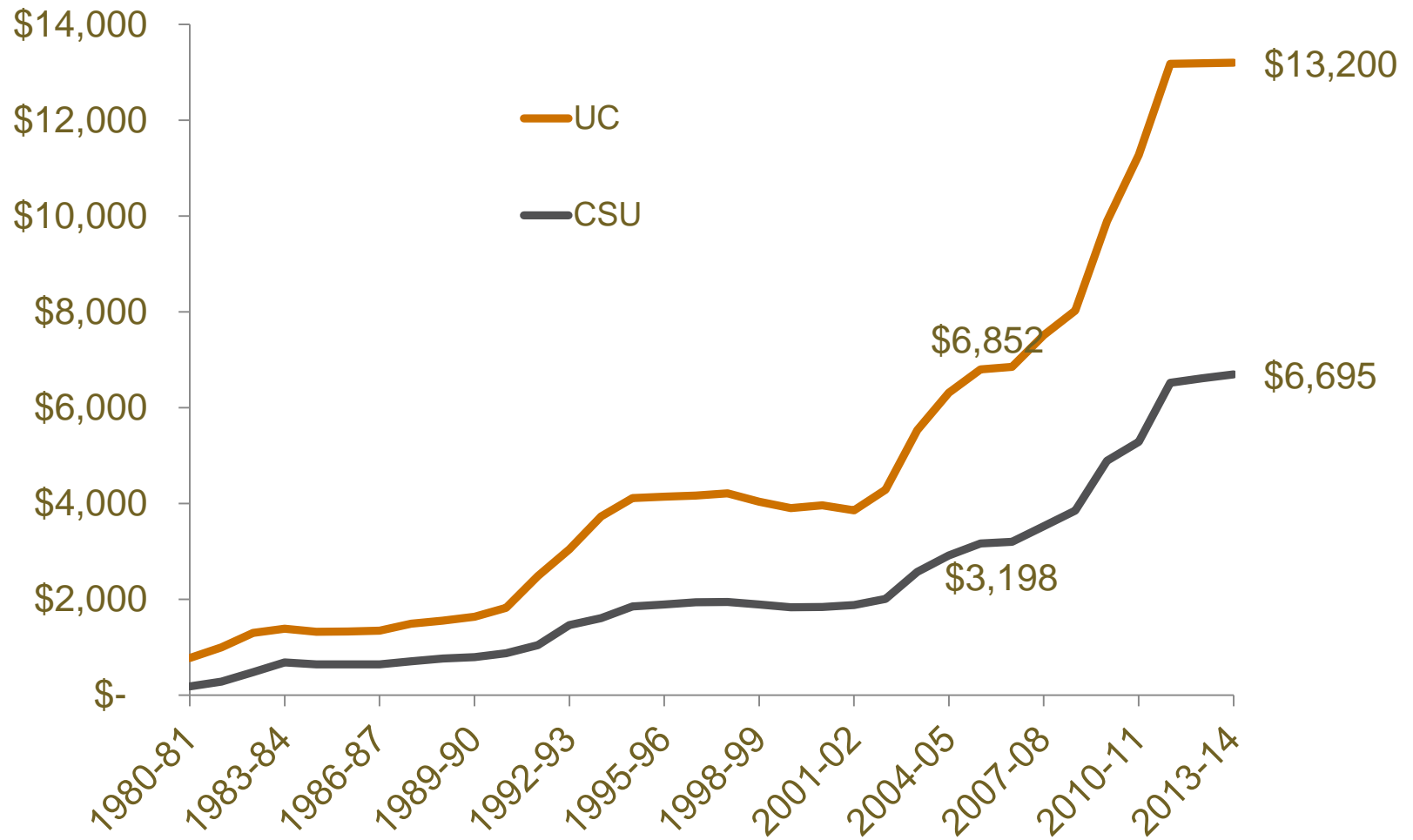
- UC and CSU core revenues come from two sources
 - State fiscal support
 - Student tuition
- As state support declined, UC and CSU increased tuition
- These increases raised concerns about affordability and efficiency



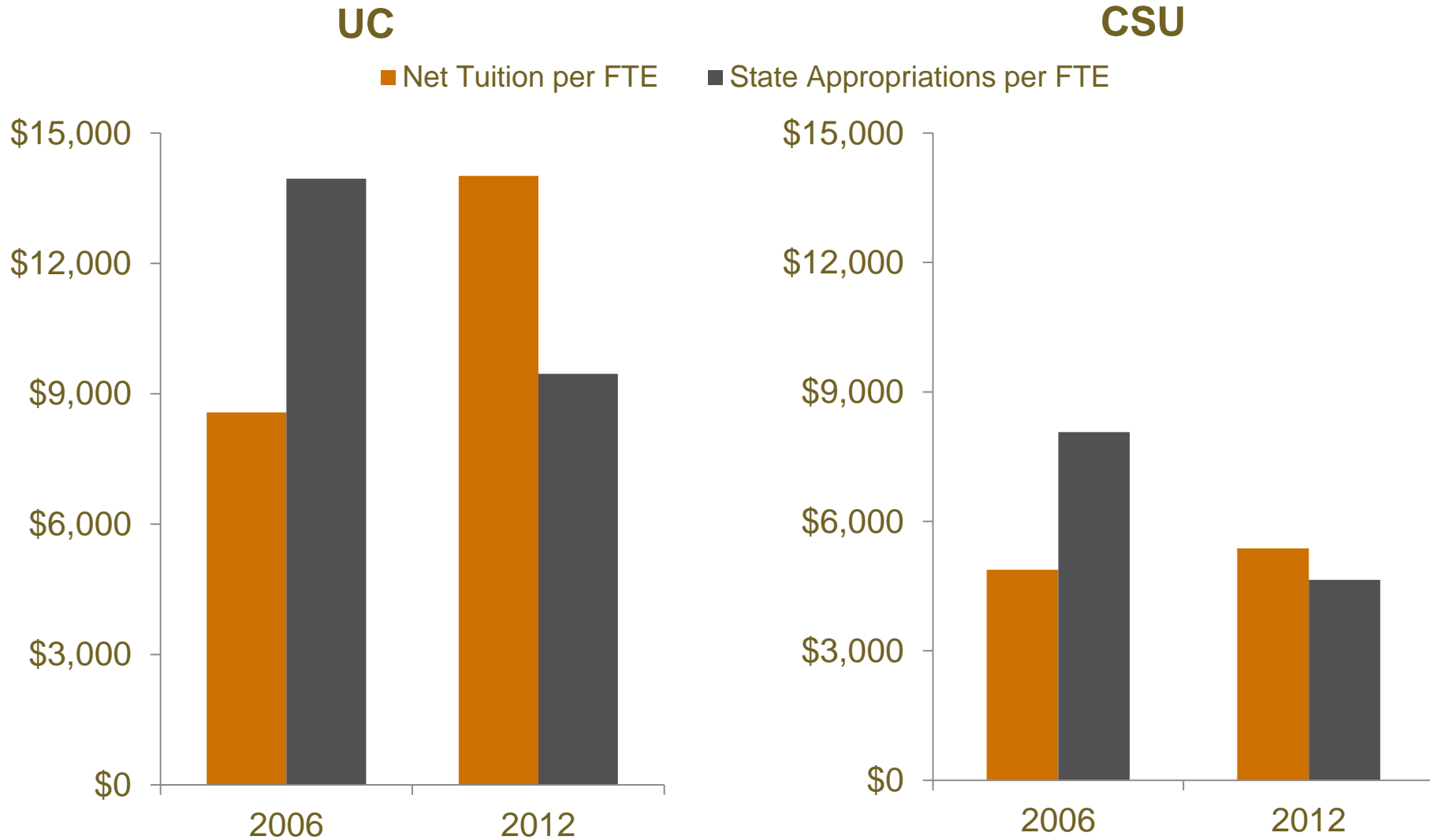
State support for UC and CSU declined ...



... and tuition increased dramatically



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



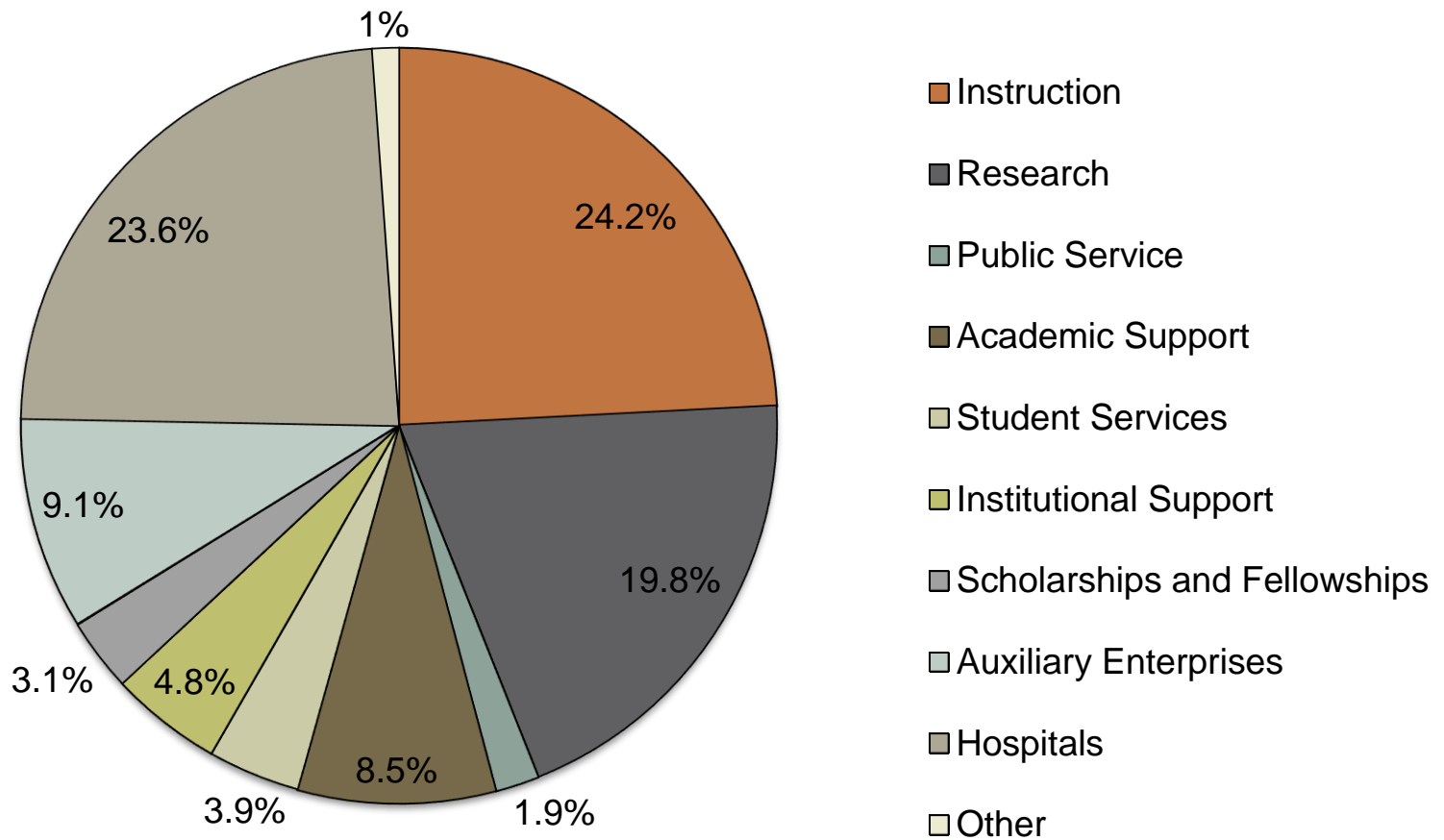
Have UC and CSU become less efficient?

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



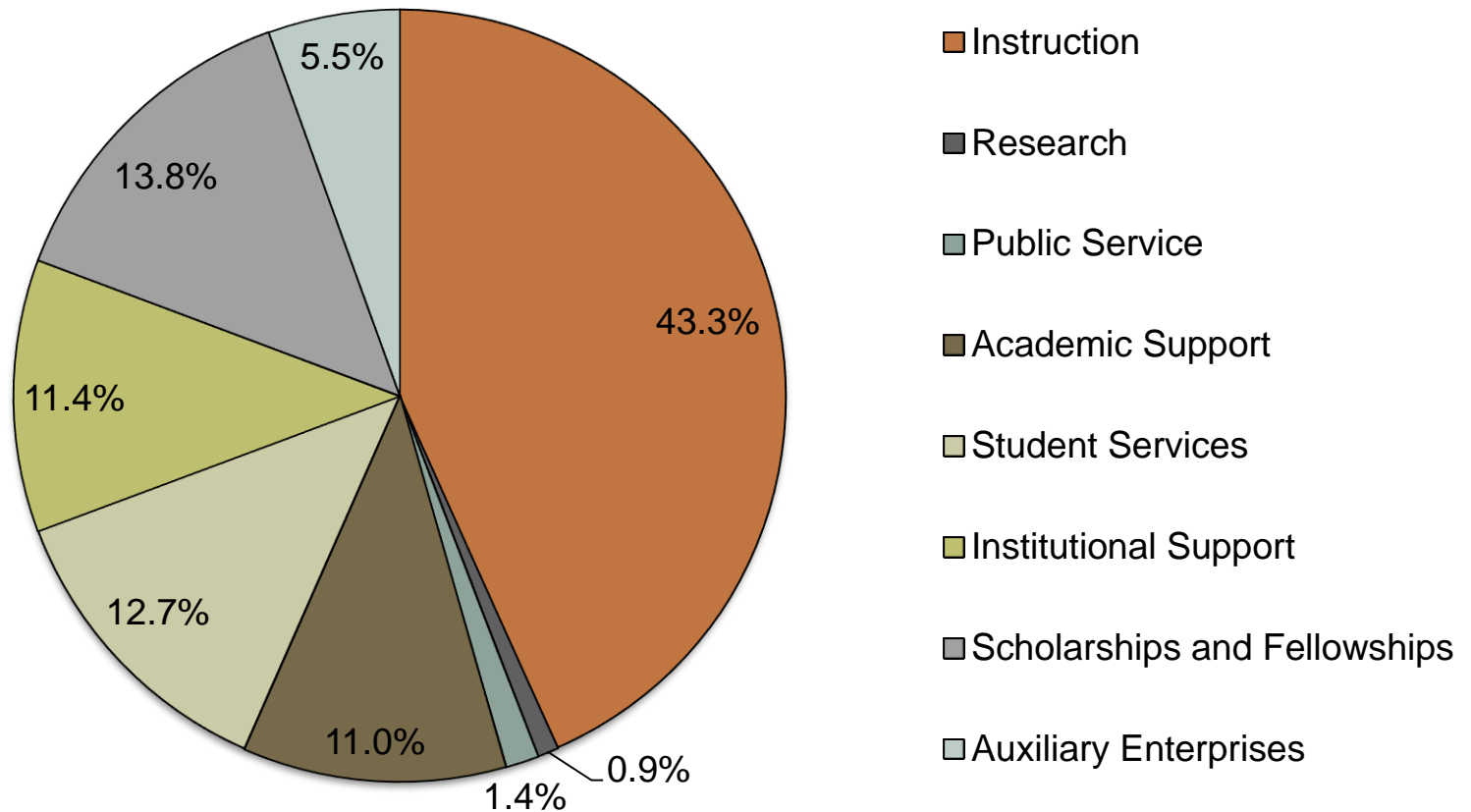
UC expenditures by budget area

2012

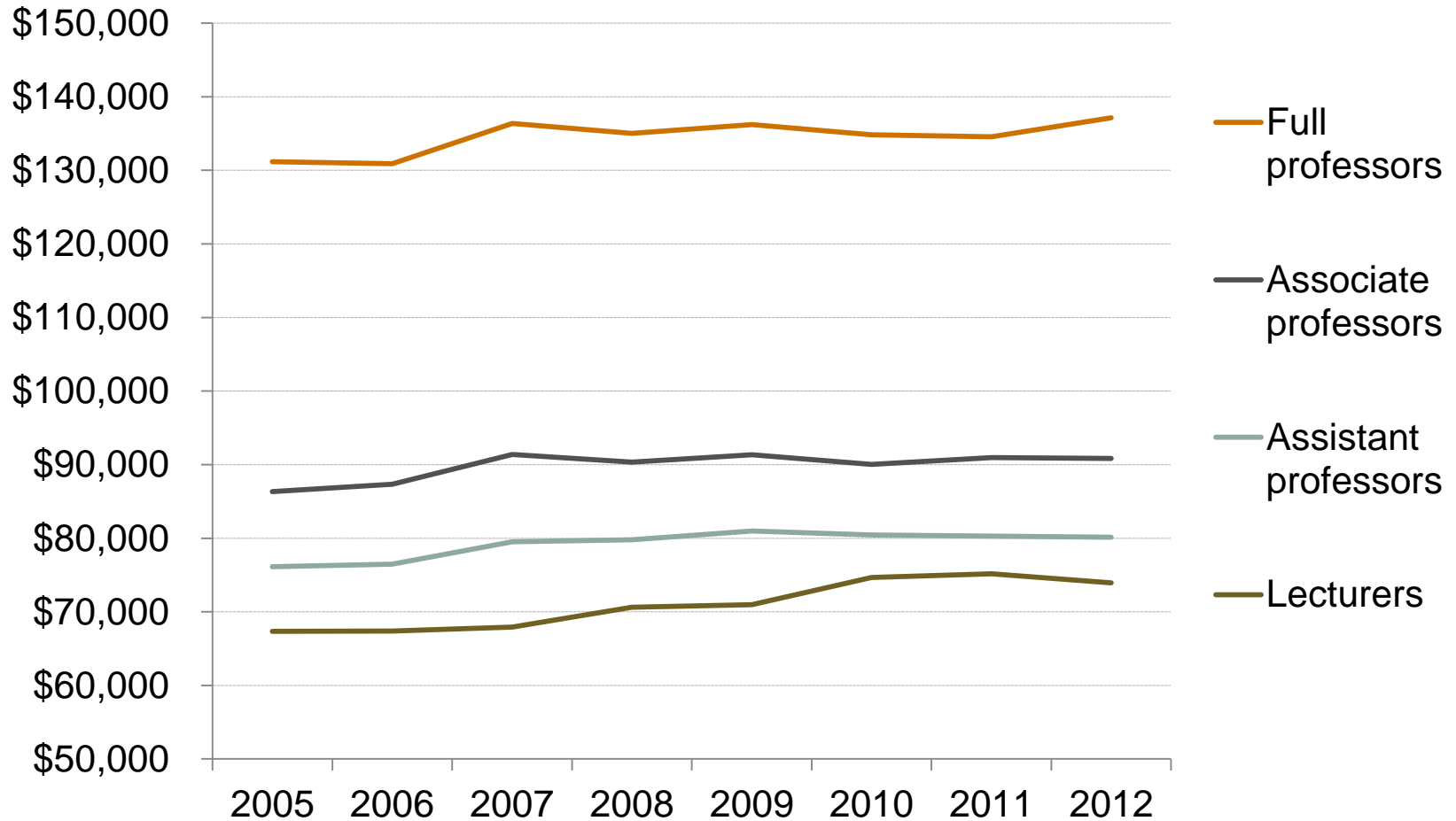


CSU expenditures by budget area

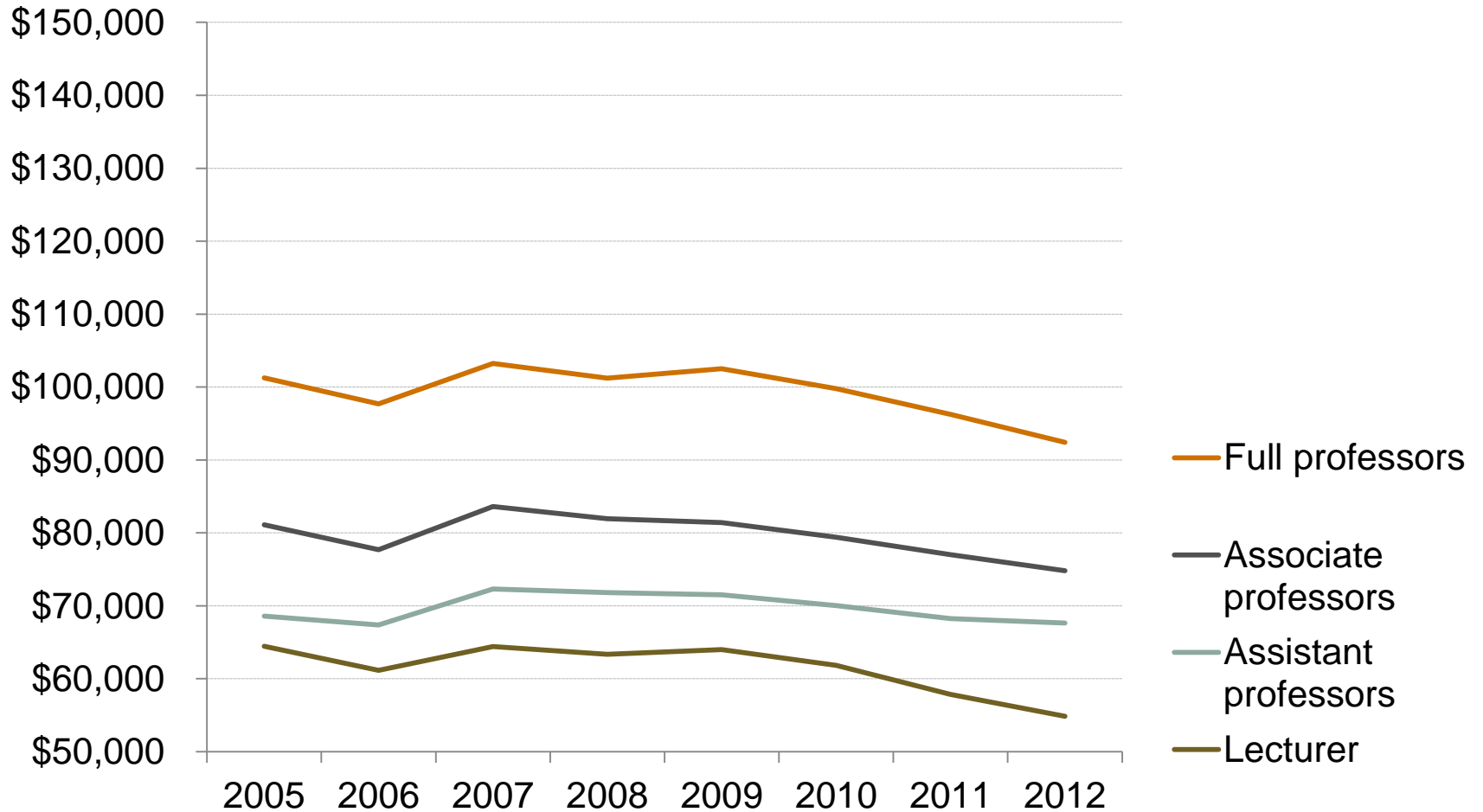
2012



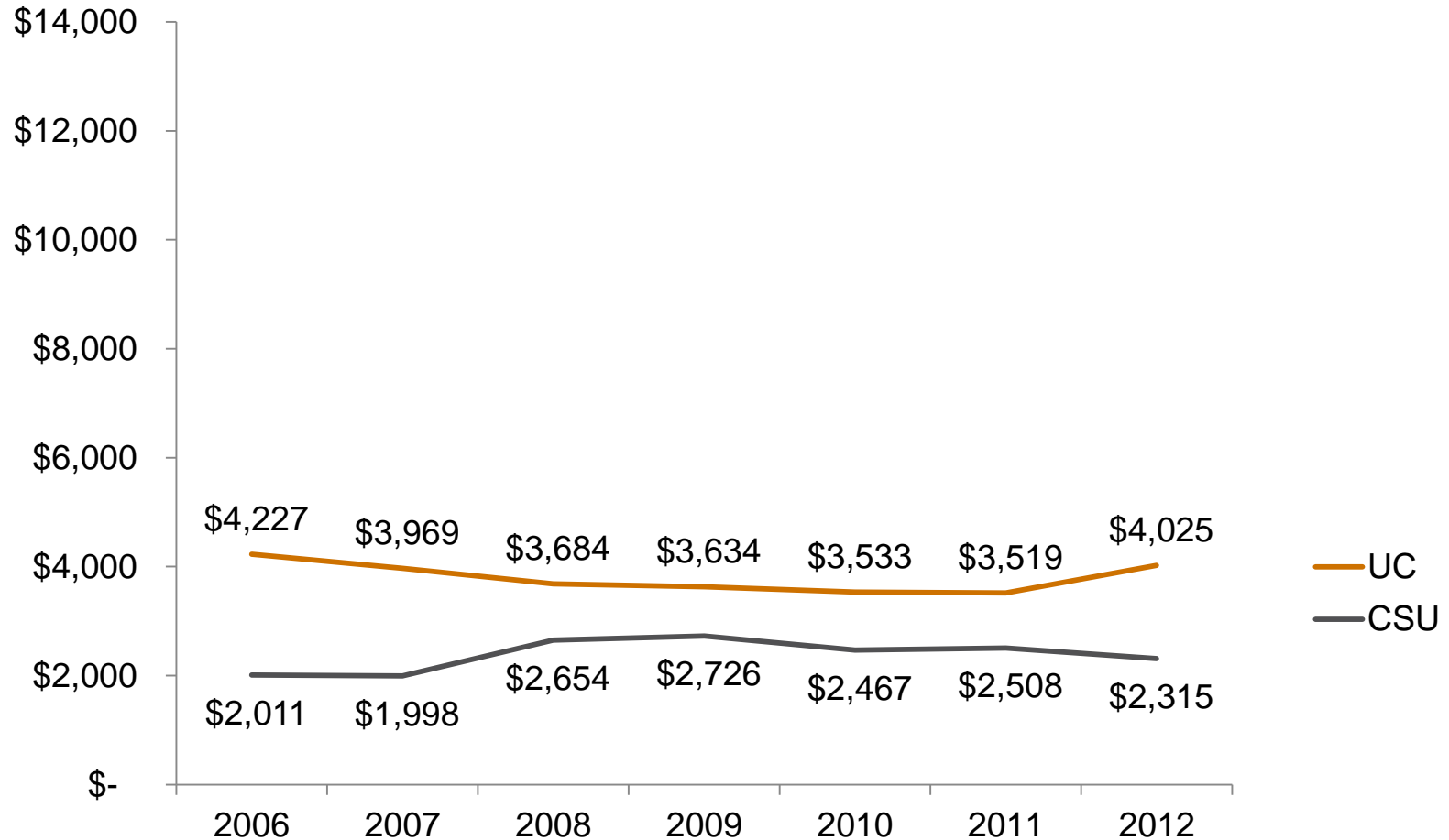
Since 2007, faculty salaries have leveled off at UC...



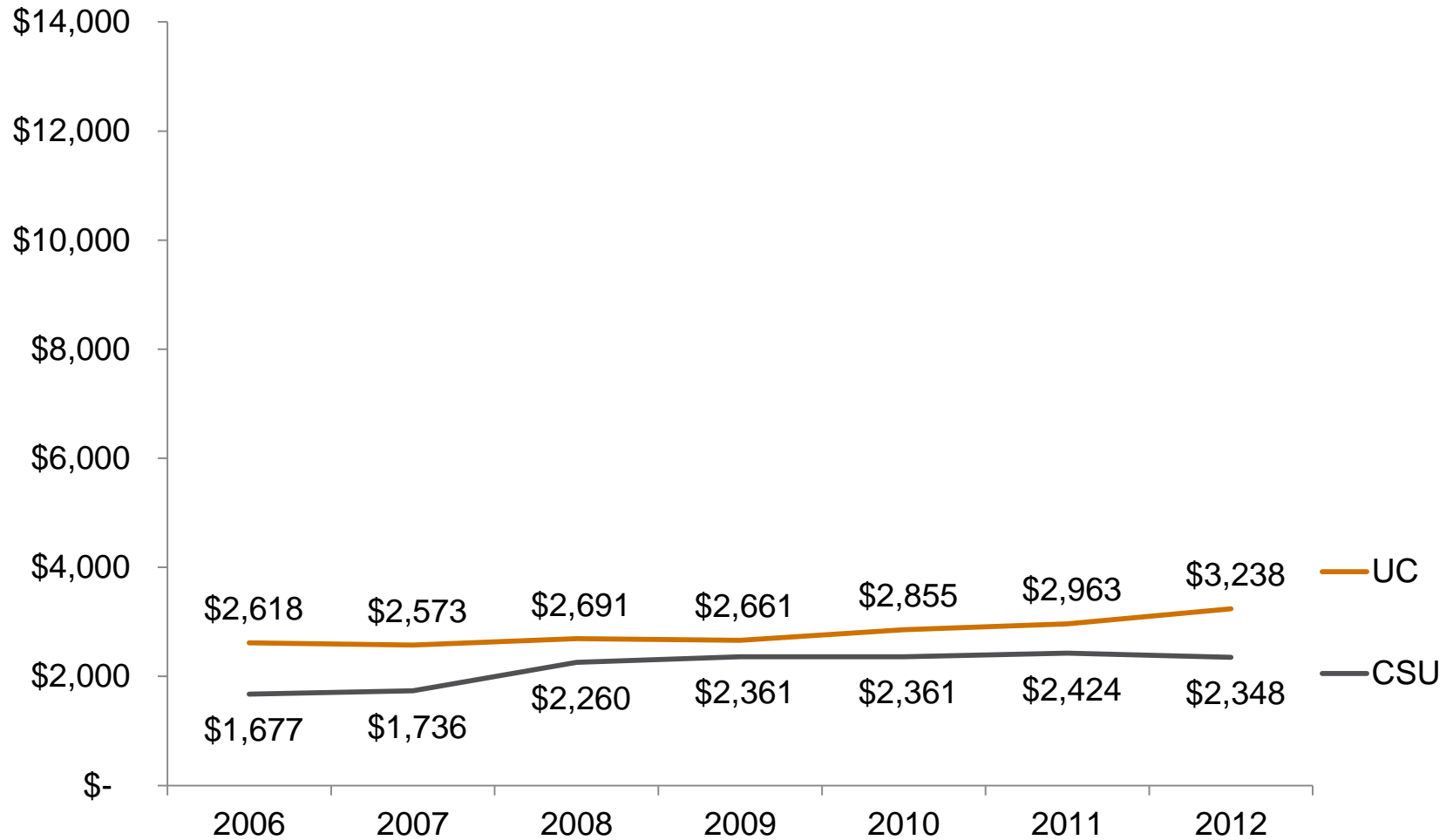
...and declined at CSU



Administrative expenditures per student have not increased significantly



Student services expenditures per student have increased

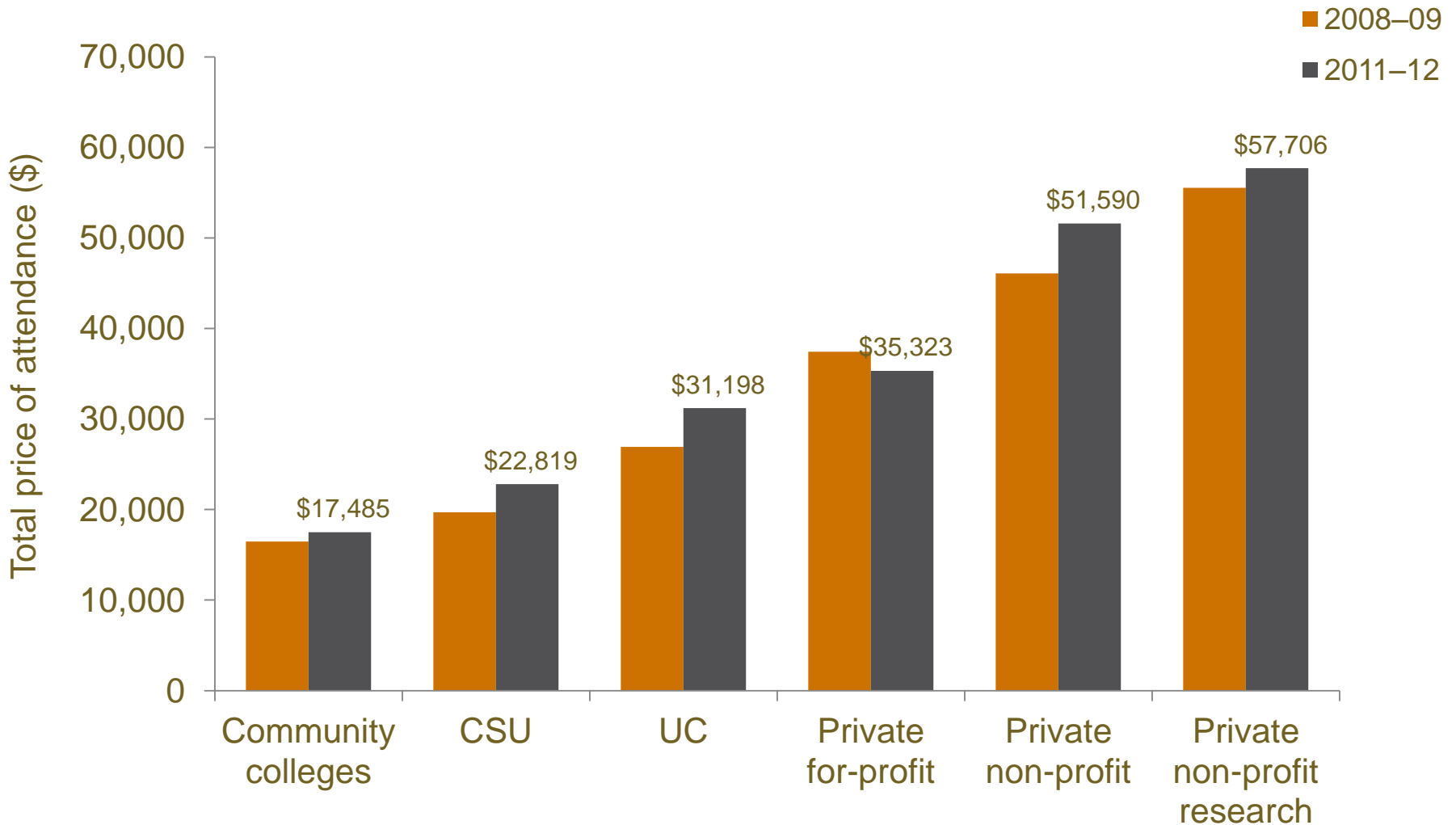


Have UC and CSU become less efficient?

- No evidence that inefficiencies have driven tuition increases
- Difficult to determine if greater efficiencies could be realized

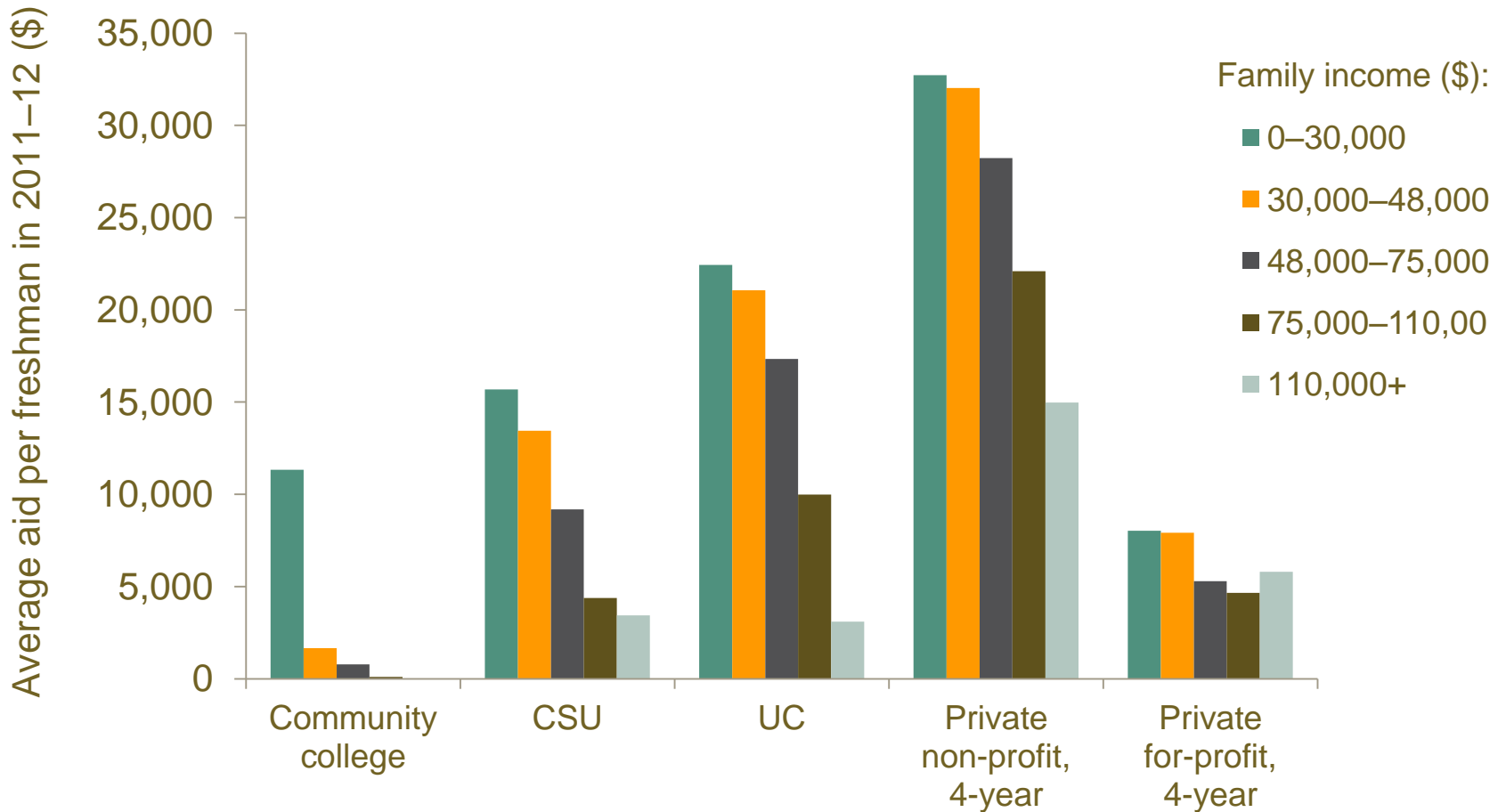


Public colleges are more affordable than private colleges...



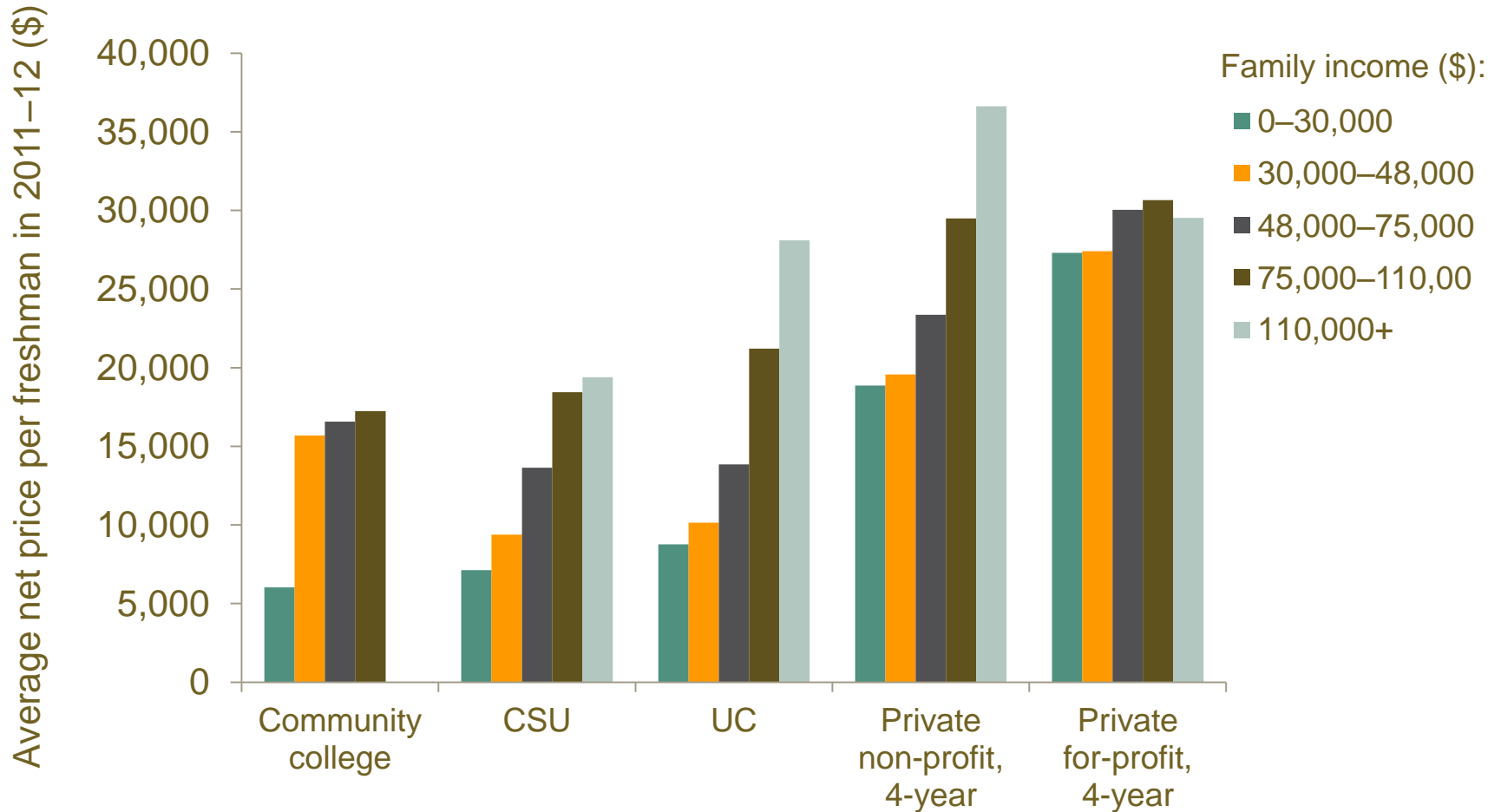
...but private non-profit colleges offer the most aid

Amount of aid by family income



Even so, net prices are lowest at public colleges...

Net price by family income



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.

