
DETAILS ON REVENUES ALLOCATED TO EDUCATION

Chapter 2 considered the impact of state general fund revenues as allocations to the UC, CSU, and CC systems. This appendix considers system revenues in more detail.

We write the revenues available for undergraduate education in each of California's three public systems of higher education as the sum of funds given directly to each system from the state and local government, as well as the funds given to each system by each attending student in the form of fees. Thus,

$$\begin{aligned} \text{Revenues}(\text{sys}, \text{year}) = & \text{State}(\text{sys}, \text{year}) + \text{Local}(\text{sys}, \text{year}) \\ & + \text{Fee}(\text{sys}, \text{year}) * \text{Enroll}(\text{sys}, \text{year}) \end{aligned} \quad (\text{C1})$$

The state funds include contributions from the general fund, lottery revenues, and other state sources. The local revenues, only applicable for the CCs, come from property taxes. In our study, we assumed that these state and local contributions are independent of the number of students attending each system, but that the revenue each system gains from fees is proportional to the number of students enrolled. Our “fees” term includes fees paid directly by the student as well as any financial aid that flows to the system via its enrolled students. Our analysis focuses only on revenues associated with the costs of current operations. We leave the important topic of capital costs for future work.

The state and local funding for each system each year is written as

$$\begin{aligned}
State(sys, year) &= State(sys, 1995) * [1 + GrowState(sys)]^{Year-1995} \\
Local(year) &= Local(1995) * [1 + GrowLocal]^{Year-1995}
\end{aligned}
\tag{C2}$$

where $State(sys, 1995)$ and $Local(1995)$ are the state and local contributions in 1995, and $GrowState(sys)$ and $GrowLocal$ are the growth rates describing how the funding changes over time. All three systems get state funding; only the CCs have support from local property taxes. In 1995, UC spent an average of \$6,809 in state funds for each of the 153,571 full-time equivalent (FTE) students enrolled. We thus take $State(UC, 1995) = \$1,045,665,000$. Similarly, CSU spent an average of \$4,734 in state funds to educate each of its 252,000 FTE students, so $State(CSU, 1995) = \$1,192,968,000$. In 1995, the CCs spent an average of \$3,050 of state and local funds to educate 858,606 FTE students, with about half of these funds from property taxes, so $State(CC, 1995) = \$1,434,681,000$ and $Local(1995) = \$1,184,067,000$. Dividing California Higher Education Commission values for total revenues from fees by total FTE enrollments in each system gives values for average fees per student as $Fee(UC, 1995) = \$3,800$, $Fee(CSU, 1995) = \$1,850$, and $Fee(CC, 1995) = \$200$.