

We have shown through our “landscapes of plausible futures” how the interrelationship of three key factors—demand for higher education, competition for state revenues, and potential productivity improvements—may affect the future of California higher education. We have also shown that the second and third of these factors dominate the question of access. California must maintain the fraction of the state general fund allotted to higher education or make significant productivity improvements in the higher education sector if it is to avoid very large access deficits. Accurate predictions of future demand and decisions about the level of student fees can be important in determining whether there will be access deficits if the system is on the cusp of serious trouble. However, if either productivity or general fund allocations fall toward one of the pessimistic scenarios we reviewed, participation rates will be largely irrelevant to understanding or solving the problem of access. Fee increases tripling the price students now pay for their education might preserve access, but only if students are less sensitive to price increases than currently estimated. California can maintain its current rate of awarding bachelor’s degrees in the face of pessimistic funding scenarios if its graduation rates can be increased to levels currently found in other states. However, graduation rate improvements will not address problems of access.

Our study stresses the large uncertainties facing the future of California higher education. In our view, these uncertainties are real and a fundamental part of the problem facing the Round Table and other decision makers concerned with higher education. The landscapes of plausible futures are relatively insensitive to assumptions

about the participation rate because uncertainty about the future demand for education is bounded by demographics. All the members of the class of 2014 are alive today, and most are enrolled in California schools. However, California's long-standing financial commitment to higher education is caught in the middle of long-standing, powerful, and conflicting trends. The public resists growth in total government spending at a time when spending on social services and corrections, also driven in part by demographics, continues to grow. Every funding scenario we show in our landscapes, from the most optimistic to the most pessimistic, requires that at least one long-standing trend be broken.

Similarly, over the last few decades, many institutions throughout the U.S. have prospered by changing their organizations and uses of technology so as to achieve significant improvements in their cost structures and the effectiveness with which they perform their missions. Others have not prospered, because they have not made such changes, have made the wrong changes, or have implemented changes poorly. Higher education is clearly different from the profit-making, private sector institutions that provide most of the examples of significant productivity increases. Nonetheless, the present time is fluid enough that the range of productivity increases shown in our landscapes seems a fair representation of the uncertainty as to what improvements may be possible.

Large uncertainty is not a bar to effective decision making. Managers routinely craft flexible, robust strategies that can take advantage of a wide variety of opportunities while avoiding the serious consequences of a wide variety of vicissitudes. However, the first step in crafting such a strategy is to pay sufficient attention to the key uncertainties about the future. The debate over the future of California higher education too often seems to shy away from addressing the central issues. It is not unreasonable to debate small fee increases or fees and projections of future demand; however, doing so makes implicit assumptions about future state funding and productivity improvements.

Overall, the future of California higher education rests on three questions: Can the state readjust its financial commitments in order to maintain current funding levels for higher education? Can the higher education system improve its productivity significantly faster

than it has over the past 35 years? and Can high-fee/high-aid public higher education successfully serve a broad spectrum of California's diverse population?