

Overview

2

All members of the higher education community remain fundamentally committed to California's Master Plan, including its two major provisions: (1) make postsecondary education available to all California citizens who can benefit from it, and (2) pursue mission differentiation among the three segments of public postsecondary education in support of provision 1. Unfortunately, there are signs that the far-sighted social contract designed by Clark Kerr—the guarantee that all California citizens who can profit from higher education should have access to it—will soon be broken. Postsecondary education in California faces unprecedented challenges, and it is floundering in response.

The social and economic characteristics of California's population are changing so profoundly and rapidly that the current higher education sector as a whole is already misaligned with the state's postsecondary needs. Each of the three segments of the public higher education sector—the University of California, the California State University, and the community college system—pursues its goals as understood through policy and practice. The question is whether these three parts together can meet California's postsecondary education requirements or whether the future holds a “tragedy of the commons” in which the segments may succeed by their own criteria, but hundreds of thousands of Californians will be turned away.

To determine the dimensions of this problem, our project examined two questions:

- How well will the state's higher education systems fulfill their access objectives and other future commitments?
- Is the current mission differentiation among the public systems appropriate to meet these future commitments?

Our research focused mainly on the public, rather than the independent, sector of postsecondary education in California. The independent higher education sector in California, enrolling over 125,000 undergraduates and 100,000 graduate students per

year, is vital to the future well-being of higher education in California. Indeed, as we discuss later, the California grant program should be expanded to allow the independent colleges in California to accommodate additional undergraduate students. However, because the upcoming demands for postsecondary education are of such great magnitude, our primary focus had to be on the state's public higher education sector. Independent colleges face the same problems as their public counterparts with regard to containing costs and limiting tuition increases, and the pressures on private research universities in California are similar to those on the University of California.

What we found is that the monetary difficulties of California's colleges and universities, thought for a time to be only temporary, are the result of long-term trends in demand, costs, and funding that are likely to continue. Enrollments have increased ninefold since 1954 and will continue growing over the next two decades. At the same time, operating costs have escalated and public sector financial support has flattened. As a result, colleges and universities in California have had to sharply increase tuition and fees and look for ways to control costs in order to avoid financial disaster.

We have concluded that unless the state takes effective action, the fiscal situation will worsen,

tuition will continue to increase, and whole sectors of California's population will find themselves increasingly excluded from entry to postsecondary education and, consequently, from the growing number of occupations that require postsecondary course work for employment. Furthermore, the education bottleneck is narrowing at a time when economic inequality in California is increasing and social demographics are changing dramatically. Over the past 20 years, the middle class in California has dwindled and more families find themselves among the poor. If current trends go unchecked, the divide between the rich and the poor in California will have widened so dramatically by 2015—and will be drawn so sharply along ethnic lines—that

it will not only undermine the productivity and international competitiveness of the California economy, but will also threaten the social and political stability of the state. If current trends continue, more than one-third of the Californians seeking to enroll in one or another of the state's public postsecondary education systems may be unable to do so by the year 2015.

This confluence of circumstances has created a time bomb ticking under California's social and economic foundations. The college degree has replaced the high school diploma as the entry card into productive employment. If this degree is becoming increasingly out of reach for large segments of the California population, then a revolution in

education is essential to deter potential social unrest. And if the productivity of employees is related to their level of education, then an educational system that makes it almost impossible for millions to become highly productive workers must be reformed to maintain the competitiveness of the California economy in the international marketplace.

Adding to the problem is the declining growth rate in federal funding of research, which is putting California's research universities at a distinct disadvantage in relation to international competitors, particularly in the natural sciences and engineering. In addressing the increased demand for access to postsecondary

education and training, California must also protect and enhance the ability of its public and private research universities to carry out their critically important mission. Indeed, if only to keep the slim R&D edge that California still holds in key industries in world markets, the state's public and private sector leaders must dedicate themselves to reversing the current trends in funding.

We believe that California needs a sea change in its postsecondary education—not just an improvement of accepted assumptions, structures, and practices, but a change in kind. Moreover, because it is difficult for any group to reform itself alone, the challenge this change presents cannot be addressed solely by the

postsecondary education establishment in California. Business and political leaders, educators, and the public must all participate in the search for, and implementation of, appropriate responses.

We also believe that public funding for California postsecondary education has been insufficient for the last decade and is unlikely to increase enough to underwrite the needs of the state's future higher education sector. Our recommendations offer the outline of a plan for coping with this crisis. They emphasize the need for both greater public support of higher education in California and comprehensive institutional reform so that available resources can be reallocated and other

changes implemented to target and streamline operations. In short, we believe that

- California's political leaders—the governor, members of the state legislature, mayors, and other state and local officials—should reallocate public resources to reflect the growing importance of education to the economic prosperity and social stability of California.
- Institutions of higher education should make major structural changes in their decisionmaking systems so that their leaders can assess the relative value of departments, programs, and systems in reallocating scarce resources.

- As part of their overall restructuring, California's colleges and universities should pursue greater mission differentiation to streamline their services and better respond to the changing needs of their constituencies.
- Colleges and universities should develop sharing arrangements to improve productivity.
- California should reexamine the financing structure for higher education and develop a strategic plan for allocating the limited resources it has available to most effectively meet future educational demands.

We also recommend that all Californians be encouraged to

pursue some form of postsecondary education or training.

Unlike many states, California has an extraordinary set of postsecondary education institutions at its disposal. If these institutions are to fulfill their role in positioning California for its next phase of economic and social development, higher education leaders must work with policymakers and business leaders to bring about the needed institutional redesign. In short, California must devise a much more effective strategic plan for developing its human resources than it has now. ♦