

To Our Readers

For the first time since the early 1990s, public colleges and universities are enjoying some real budget increases, and the prognosis for 1998 and 1999 is quite good. Given these gains, it may seem an odd time to predict imminent fiscal crisis for higher education in California—indeed, for the nation—yet that is exactly what our research suggests. The budget shortfalls of the last few years cannot be corrected by a sudden upsurge in the state's economy because those shortfalls are the result of chronic conditions—cumulative and unsustainable long-term trends in demand, resources, and costs.

This report presents the results of a study of California higher education conducted by RAND and commissioned by the California Education Round Table. Our central finding is that the present course of higher education in the state—in which student demand, tuition, and costs are rising much faster than public funding—is unsustainable. Unless significant steps are taken to address the situation, hundreds of thousands of Californians will be denied access to higher education within the next 20 years.

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Commission on National Investment in Higher Education, which was established by the Council for Aid to Education, an independent subsidiary of RAND. The results of the study, which focused on the fiscal health of colleges and universities nationwide, were recently published in *Breaking the Social Contract: The Fiscal Crisis in Higher Education*.

On behalf of the RAND research staff, we wish to thank the members of the California Education Round Table for the broad experience and sound judgment they brought to our task. We are also grateful to the Technical Advisory Committee, whose members made important contributions to our analysis, often traveling the length of the state to help shape the direction of the study, listen to briefings of interim results, and comment on early versions of this report. We also thank our RAND colleagues Emmett Keeler and Kevin McCarthy for their thoughtful and substantive suggestions. The findings and recommendations presented here are, nevertheless, ours, and should not be seen as representing the views of our sponsors or of RAND.

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