Making It Happen

Increasing College Access and Participation in California Higher Education

The Role of Private Postsecondary Providers

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The Center for Higher Education Policy Analysis (CHEPA) is situated within the Rossier School of Education at the University of Southern California. CHEPA offers a multidisciplinary perspective to the complex social, political, and economic issues in higher education and brings the benefits of academic research to real-world challenges. The center conducts applied policy research with real-world applicability, focusing on improving urban postsecondary education, strengthening school-university partnerships, and understanding international education.

This paper is distributed in the expectation that it may elicit useful comments and is subject to subsequent revision. The views expressed in this report are those of the authors and should not be attributed to the staff, officers, or trustees of National University. We would like to thank the National University System for funding the study and this report.

Executive Summary

The three public higher education systems in California cannot, by themselves, respond to increased demand for higher education. They, and the two private higher education systems, need to be re-engineered to function as five parts of one coherent system, collectively growing in capacity to keep pace with the state's demand for an educated workforce.

Eight changes, in combination, will greatly improve the chances of that happening. They address problems associated with:

1) Common course equivalency

2) Incentives to grow enrollments in high need fields

3) Outsourced remedial services

4) Incentivized enrollment growth

5) Outsourced online and competency-based learning

6) Enhanced foreign-direct investment by national providers

7) Enhanced oversight to promote quality and growth

8) And creation of a (five-system) statewide higher education planning board.

Californians face a crisis. High-wage jobs demand an educated workforce. By 2025, California will face an estimated shortfall of one million workers with skills learned in college (Johnson, 2009; Johnson & Sengupta, 2009). In a previous era, such a prediction might have led to an increase in our existing public colleges and universities or plans to build new campuses. The state, when flush with fiscal resources, once sought ways to expand the Master Plan via new campuses and increased postsecondary participation. In 2002, California State University Channel Islands opened as the 23rd campus in the CSU system, and in 2004 the University of California system opened a new campus in Merced.

Much has changed in the last decade. Demand has outpaced capacity, and the state's fiscal resources have evaporated. The result is that each of the public postsecondary sectors – the community college system, California State University and University of California – are over capacity (see Figure 1). Even the state's newer campuses and branch campuses face fiscal constraints which prevent them from expanding in a manner that will solve the enrollment dilemma. Although the state provided modest resources in the 2010-2011 fiscal year, each system has a smaller budget than three years ago, while also facing new challenges. For instance, the University of California's pension fund obligations may spiral out of control and consume even greater amounts of the budget. Due to maximum capacity in enrollment, California State University has over 40 majors that have new entry restrictions. Students in community colleges throughout the state cannot find the classes they need to take during the academic year, and at many institutions, summer sessions either have been cancelled entirely or severely cut back.

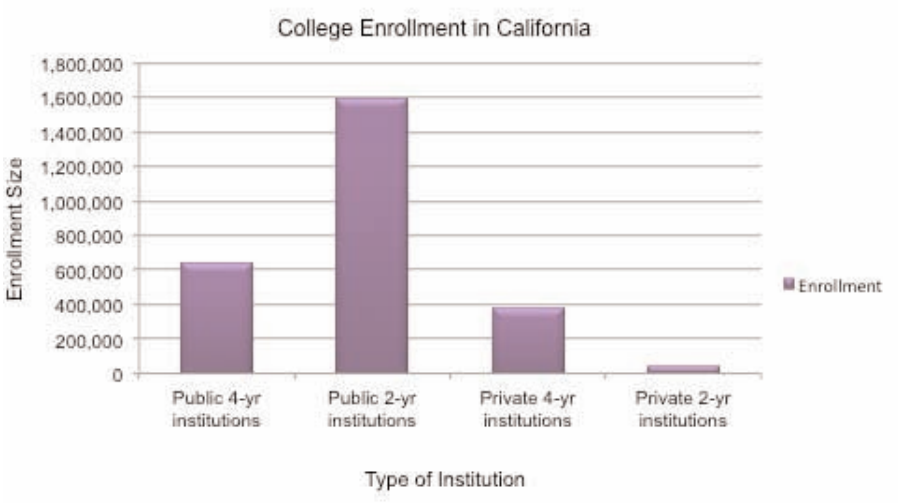
Although significant reforms of each of the public systems, as well as an overhaul of how the state supports education, are long overdue and continue to be debated, one question has remained unaddressed:

How might private colleges and universities help the state address its capacity constraints?

Over the past six months, the Center for Higher Education Policy Analysis at the University of Southern California has consulted with individuals in California and other states about policies that might be developed that will help the state increase access for its citizens by enabling private non-profit and private for-profit institutions to attract additional students. (See "Note On Methods" at the end for a more detailed description of methods.) At first glance, such an attempt may seem counterintuitive, even counterproductive: why should California use public dollars to support private institutions when its public institutions have suffered deep cutbacks? In particular, why should California encourage an increase in for-profit participation in higher education precisely at a time that these very institutions are coming under fire in Congress? Such questions are justified and prudent, and we have developed our recommendations with these questions in mind.

We firmly believe that California needs robust systems of public higher education. Given the fiscal constraints of the state those systems are incapable of meeting current and future needs.

Figure 1.



Source: Almanac of Higher Education, 2010

The California Postsecondary Education Commission estimates that by 2019 over 385,000 additional individuals will be interested in enrolling as undergraduates in a public postsecondary institution, with total enrollment projections rising as high as 2.75 million students. These numbers are sobering when one considers current capacity challenges. In fall 2008, California's public postsecondary institutions enrolled over 2.3 million undergraduates. While state leaders did the best they could to maintain education funding levels, this represented 78,000 unfunded student full time equivalents according to headcount funding models. Applying a funding model that considered physical plant costs, the fall 2008 enrollment figures represented 192,347 unfunded spaces, even considering that a few campuses such as UC Merced, and Marin, San Mateo, Solano, and Yuba Community Colleges had a surplus of physical capacity (Wilson, Newell, & Fuller, 2010a).

To exacerbate the problem, as President Obama has pointed out, the United States now lags behind other industrialized countries with regard to college participation and attainment (see Table 1). For 2006, the most recent year for which there are complete data, the United States was #3 in the percentage of the population aged 25-64 that had earned a degree, but #14 in the percentage of graduates amongst traditionally aged students (OECD, 2009; 2010a; 2010b). We are falling behind in the global race for human capital development which places the country at risk. The President, as well as the Lumina Foundation and the Gates Foundation, have called for the United States to regain competitiveness over the next decade and to once again be the number one nation in the world in terms of college access and attainment. For the United States to reach such an

ambitious goal, California must increase its efforts in multiple ways – not only by increasing the number of students who attend a postsecondary institution, but also by increasing the number of students who are college-ready, students who are retained once they are in college, and students who transfer from two-year to a four-year institutions.

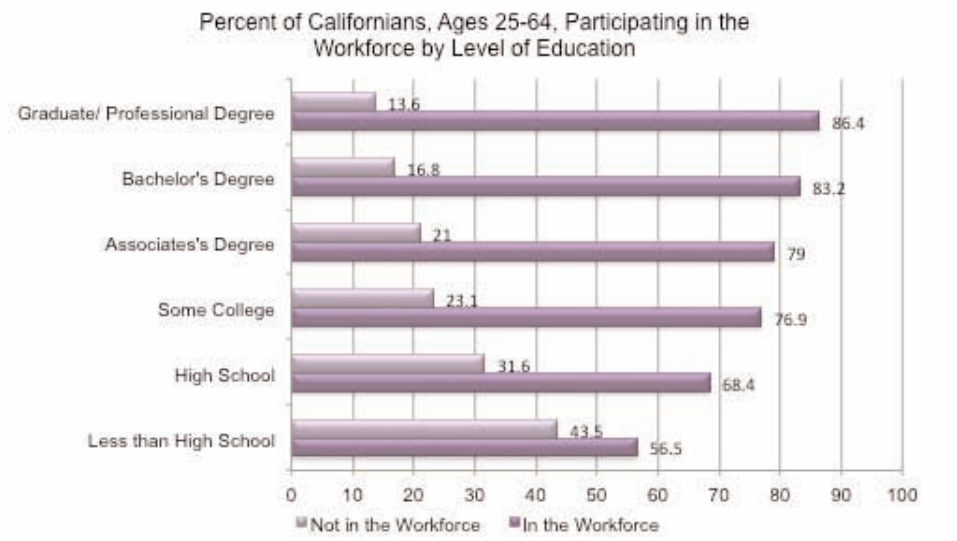
Table 1.
United States Tertiary Education Performance and Ranking, 2006

Indicator	Percentage	Ranking
Attainment rate, ages 25-64	39.5%	3rd
Entry rate, first time entrants as % of population	64.0%	10th
Graduation rate, % of graduates to poulation at typical age of graduation	35.5%	14th

Source: OECD, 2009, 2010a & 2010b

Why does California need more workers with college degrees? The Public Policy Institute of California (PPIC), among many other groups, has pointed out that unemployment rates are much lower for college graduates and wages are substantially higher (see Figure 2). College graduates in California, for example, earn almost twice as much per hour as high school graduates.

Figure 2.



Source: Western Interstate Commission for Higher Education, 2007

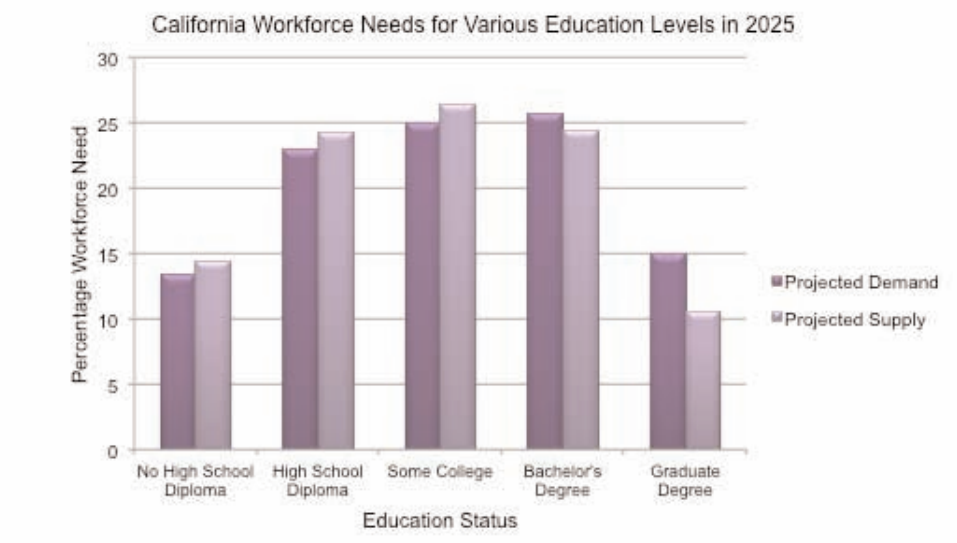
Not only do college graduates earn more, but the need for a better educated workforce will continue to grow. If the state does not address this need immediately there will not be enough working adults with some form of postsecondary education to meet the projected demand for workers with more than a high school degree. Such news is not new. Indeed, multiple analyses project shortfalls for California (see Table 2).

Table 2.
Studies Projecting Shortfalls in Educated Workers in California

Source	Out-year	Basis for goal	Degree mix	Age group	Target goal	Gap in California above current production levels
PPIC	2025	Labor force and CA rank relative to US states	BA and above only	25-64	41%	1 million
Georgetown Center for Workforce and Economy	2018	Labor force	Some postsecondary, all credentials and degrees	25-64	61%	1.33 million
Lumina Foundation "Big Goal"	2025	International leadership	Some postsecondary, all credentials and degrees	25-34	60%	3.4 million
Obama Administration	2020	International leadership	Some postsecondary, all credentials and degrees	25-34	California's share of a national goal to get to 60%, adjusted to reflect state variations in attainment	1.13 million
California Workforce Advisory Board	2016	CA Workforce/ skill needs	All skill areas, Including on-the Job/certificate/ degree	24-64	Not expressed as a target, good source for occupation-specific areas, Notes CA needs for replacement workers will be as great as new job growth.	

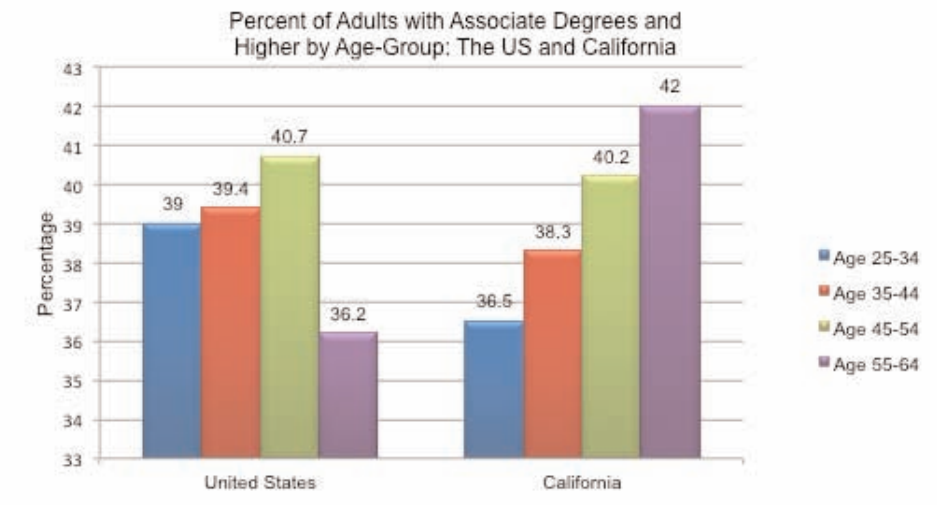
The Georgetown University Center on Education and the Workforce, for example, projects that by 2018 the state will need 61 percent of its workers to have a postsecondary education in order to meet workforce demands. Because of the expected retirement of well-educated workers, although the state will have 3.3 million jobs requiring postsecondary credentials, California is projected to only have 2.2 million workers with this level of education. Moreover, low participation rates in higher education and attainment of a college degree are most stark amongst the state's racial and ethnic minorities. African American and Latino students remain the most at risk of dropping out of high school, not transitioning to college, or not completing a postsecondary degree (see Figures 3 through 5 and Tables 3 and 4).

Figure 3.



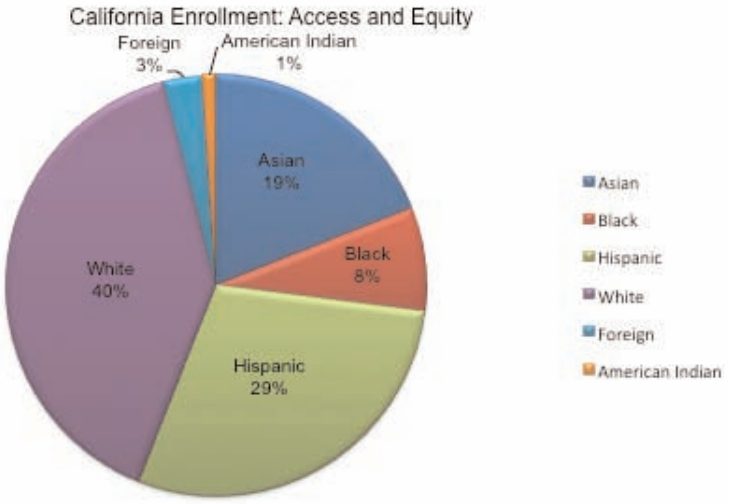
Source: Public Policy Institute of California, 2009

Figure 4.



Source: The Western Interstate Commission for Higher Education 2007

Figure 5.



Source: Almanac of Higher Education, 2010

Table 3.
California Graduates, Dropouts, Higher Education Enrollment, 2007-2008

Grade 12 Enrollment	468,281
High School Graduates	376,393
Graduation % of Grade 12 Enrollment	80.40%
Grade 9 to Graduate Rate	*68.50%*
Dropout Rate—4 year derived (Grade 9-12)	18.90%
Dropout Rate—1 year rate (Grade 9-12)	*4.90%*
California Higher Education Enrollment	209,604

Source: California Postsecondary Education Commission, 2010b

Table 4.
California Degrees Awarded from Institutions over the Past Five Years

Year	CCC Associate Degrees	IND Associate Degrees	UC Bachelor's Degrees	CSU Bachelor's Degrees	Ind Bachelor's Degrees	UC Master's Degrees	CSU Master's Degrees	Ind Master's Degrees	UC Doctorate Degrees	CSU Doctorate Degrees
2005	77,948	10,343	40,862	66,768	35,405	8,578	17,167	26,485	3,001	53
2006	79,213	9,710	41,640	69,350	35,918	8,321	18,269	26,901	3,266	61
2007	82,665	9,397	41,587	70,887	36,459	8,188	18,095	27,515	3,544	68
2008	83,072	6,360	42,416	73,132	34,591	8,562	18,463	24,917	3,825	101
2009	81,784	NA	42,666	73,365	NA	8,826	14,405	NA	3,766	85

Source: California Postsecondary Education Commission 2010a

The implications for California are significant. Because of this lack of skilled workers, the state will fall short in economic competitiveness. Fewer high wage workers suggest less revenue for the state and a less productive climate. The state will be more racially and ethnically diverse, but those new entrants will be left out of the high wage economy. Further, California is a young state –the sixth youngest in the country (see Table 5). If the young attend college, the state has a better chance of increasing economic productivity.

Table 5.
Median Age of the Total Population in Years: 2009

US	California	Florida	New York	Pennsylvania	Texas
36.8	34.8	40.0	38.1	39.9	33.0

Source: U.S. Census Bureau, 2010

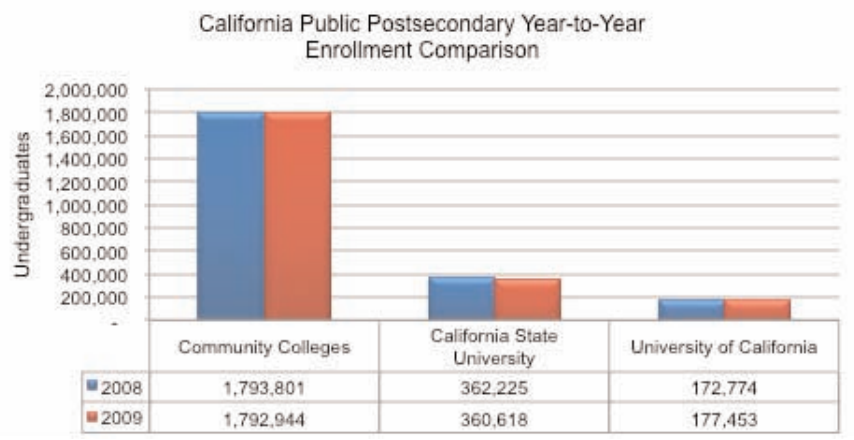
The need for growth of participation in higher education requires considering a variety of options. Assuming sufficient funding through tax revenues or bonds, the state could, for example, build more campuses; but in addition to the cost that would be

incurred, campus construction is a slow, deliberative process that would take the better part of a decade if discussions began today. For example, the UC Regents voted to begin planning for a new campus in 1988. After expenditures of $500 million, the first day of classes at UC Merced was 17 years later, in 2005, and the addition to capacity was very slight; projections for them to complete the campus suggest that they need an additional $500 million, and even with this increase in funding the state would not see a dramatic increase in enrollment from new campus construction. Thus, to meet the enrollment needs that exist today and in the immediate future, a new campus seems unlikely because of fiscal constraints and inefficient because of immediate demands.

Increasing enrollment at existing campuses is unfortunately not possible given current funding realities and the structure of course offerings at our public institutions, whereby students cannot complete programs in a timely manner due to the unavailability of courses they need for graduation.

In fact, although studies show that during periods of economic downturn postsecondary enrollment demand increases (Fry, 2009 & 2010), due to fiscal constraints, California public postsecondary enrollment increased by only 2215 students between the 2008-09 and 2009-10 academic years (see Figure 6). The problem is lack of seats (supply), not lack of demand. The wrenching operational and cultural shifts needed to enable dramatic increases in public higher education appear impossible given the current policies and practices of its public sector boards, administrators and faculty.

Figure 6.
Year-to-Year enrollment comparison



Source: California Postsecondary Education Commission, 2010

Without an infusion of funding and changes to current scheduling practices that retard student progress through programs, these campuses are unable to increase capacity significantly. Indeed, due to an inability to staff enough courses in a required major, the California State University system has over 40 "impacted" (oversubscribed) majors. These majors now have additional admissions criteria for eligibility, requiring students to be admitted to the campus in an alternate major, or to work to meet supplementary admission criteria for their desired oversubscribed major. This constitutes a large fraction of available majors. For example, all majors at the Fullerton, San Diego, San Jose and San Luis Obispo campuses are impacted (The Californian State University, 2010). This problem manifests itself across the three public systems. The community college system has seen an influx of students and an inability to enable them to complete their degrees or transfer in a timely manner (see Table 6). As a result, graduation rates approach six years in the CSU and five in the UC, and transfer rates from a community college to a four-year institution remain abysmally low.

Many students transfer among institutions. Among California community college students transferring to a CSU in the fall 2000 term, only 22 percent earned a bachelor's degree within two years, and just over half (52%) earned a bachelor's degree within three years. Those who transferred to a UC the same term fared better: 44 percent earned a bachelor's degree within two years, and 78 percent earned a bachelor's degree within three. Unfortunately, in recent years only a minority of students who enrolled in a community college made it to upper division coursework. Among students between the ages of 17-19 who entered a community college in the fall of 2000, more than 50 percent left without a certificate or degree after five years. And fewer than one in four students had transferred to a CSU or UC (California Postsecondary Education Commission, 2006; 2007).

Table 6.
California Community College Transfer Rates

Number of all Fall transfer students from a California Community College to a California four-year public institution

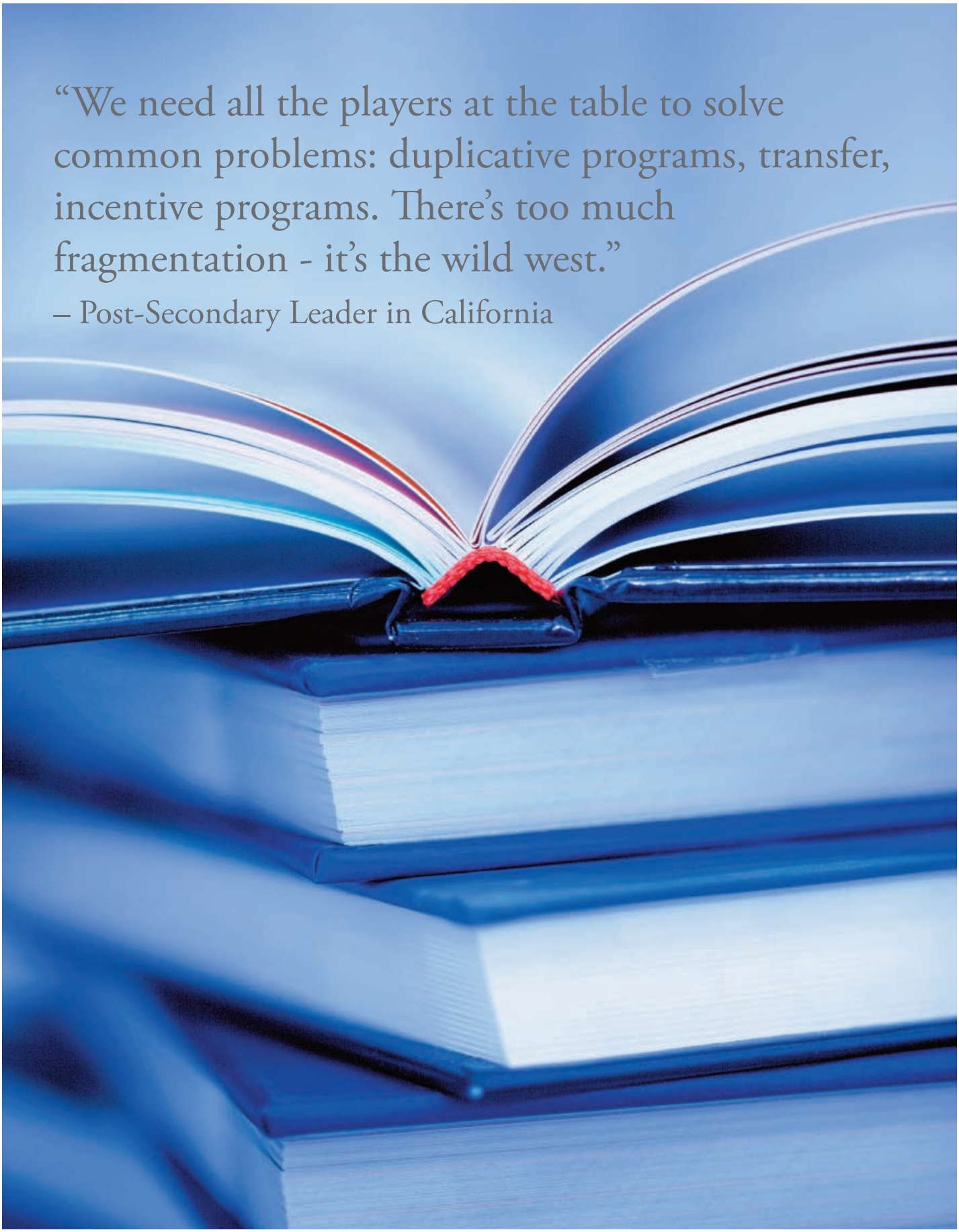
Year	Transfer to UC	Transfer to CSU	Total Public Transfer
2004	11,696	34,712	46,408
2005	11,984	34,272	46,256
2006	11,857	36,199	48,056
2007	11,851	36,623	48,474
2008	12,384	33,273	45,657

Source: California Postsecondary Education Commission, 2010d

Clearly, there are internal decisions that education systems need to face over the next decade, all of which affect adjacent systems. More students need to graduate from high school. Alignment between what a student takes in high school and what the student needs in college must improve. Most of those who graduate from high school need to be college ready. Transfer from a community college to a four year institution needs to increase proportionately and absolutely. Time to degree at four-year institutions needs to decrease. Retention in all institutions needs to increase.

Although many agree that all of these changes are necessary, there is little agreement on how these changes should come about – or even if they will. The most optimistic among us recognize that these sorts of systemic reforms are a decade in the making – precisely the same time horizon that California's postsecondary system needs to expand and retain students if it is to meet the needs of the state's economy.

For these reasons, the state needs to consider all higher education providers – not just public systems. By no means should private colleges and universities be thought of as a panacea to the state's capacity problems. However, private institutions can play a role growing overall higher education capacity and in relieving the current stress on the public systems. The state has the potential to develop public policies that encourage current and potential private providers to take on additional students without large additional costs to the state.

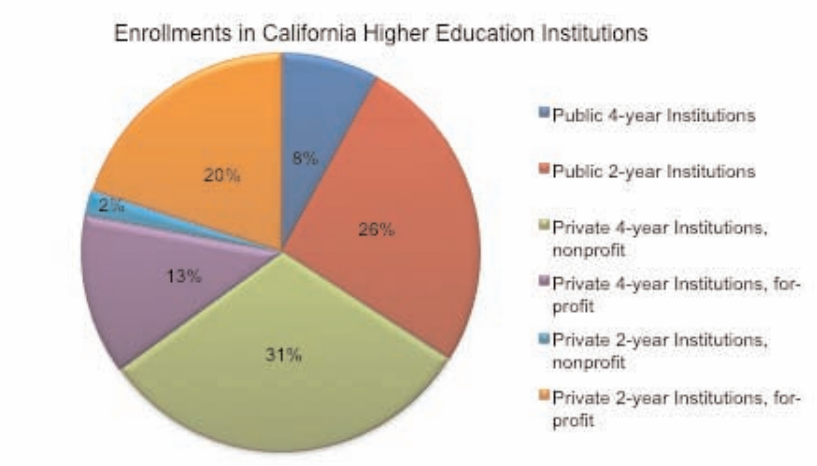

"We need all the players at the table to solve common problems: duplicative programs, transfer, incentive programs. There's too much fragmentation - it's the wild west."
– Post-Secondary Leader in California

Private Higher Education – the two other California higher education "systems"

Private higher education has a long history in the state. Since 1851, California has had private postsecondary institutions; today the state has 76 private non-profit WASC accredited institutions that offer the full panoply of postsecondary degrees. These institutions, commonly known as independent colleges and universities, are members of the Association of Independent California Colleges and Universities (AICCU). They include doctoral research institutions such as Stanford University and the University of Southern California, comprehensive colleges (Loyola Marymount, University of the Pacific), religious institutions (Biola, Azusa Pacific), liberal arts colleges such as those that form the Claremont Consortium of undergraduate colleges (Claremont McKenna, Harvey Mudd, Pitzer, Pomona, and Scripps), creative arts schools such as the California College of the Arts and the San Francisco Conservatory of Music, and those that serve adult populations such as National University. In fall 2008, these institutions collectively enrolled approximately 130,000 undergraduates, and are conservatively expected to increase their overall enrollment by approximately 20,000 undergraduates by the year 2019 (Wilson, Newell and Fuller, 2010b). Therefore, while they represent an important segment of undergraduate education providers in California that is actually larger than the University of California system, their collective size is not on a scale to provide substantial relief for the state's postsecondary capacity challenges – unless the state develops public policies to induce the institutions to take on additional students (See Figure 7). The private non-profit sector is a part of the resources that the state can utilize for meeting enrollment demands; too often discussions about higher education forget the independent sector.

A more recent development is the rise of private for-profit institutions in California. Although for-profit providers have offered certificates and degrees for many years, only in the last two decades has there been an explosion in enrollments throughout the country and in California. For-profit higher education is the fastest growing postsecondary sector in the nation. These institutions now comprise 12 percent of the student population and they expect to continue to tap into the demand for degrees. The largest postsecondary institution in the country is the University of Phoenix with 470,800 [as of 2010] students at its locations all over the country and on-line. For-profit colleges and universities are also a force to be reckoned with in California, where they also have expanded. The California Postsecondary Education Commission estimates that more than 1500 for-profit accredited and unaccredited providers enrolled over 400,000 students (see Tables 7 and 8). As of September, 2010, 395 for-profit providers in California participated in federal financial aid programs.

Figure 7.



Source: Almanac of Higher Education, 2010

Table 7.
State-by-State Comparison of For-Profit Enrollment/Total Enrollment

State	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005
*Percentage of Total Enrollment that is For-Profit**						
California	3.61%	3.83%	4.18%	4.85%	5.30%	5.43%
Texas	2.11%	2.36%	2.72%	3.15%	4.09%	3.89%
New York	3.66%	3.93%	4.03%	3.98%	3.88%	3.97%
Florida	5.68%	6.88%	7.49%	8.50%	9.23%	9.52%
Arizona	15.55%	17.88%	22.17%	27.54%	34.60%	41.18%

Source: National Center for Education Statistics, 2009
* Does not include less than 2-year institutions

Table 8.
State-by-State Comparison of For-Profit Enrollment/Total Private Enrollment

State	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005
*Percentage of Total Private Enrollment that is For-Profit**						
California	26.32%	27.71%	30.10%	31.31%	32.58%	33.11%
Texas	15.28%	16.91%	19.79%	22.77%	28.50%	27.39%
New York	7.83%	8.78%	8.78%	8.58%	8.37%	8.50%
Florida	27.28%	31.85%	33.58%	35.92%	36.87%	37.07%
Arizona	89.45%	88.53%	91.52%	93.62%	95.51%	96.64%

Source: National Center for Education Statistics, 2009
* Does not include less than 2-year institutions

Recently, for-profit institutions have come under a great deal of scrutiny and criticism. Critics in Congress have held hearings and, based on controversial evidence, have claimed that as a sector, admissions practices are unethical, debt loads are too high, retention rates are abysmal, and meaningful job placement is weak. The for-profit sector has countered that while these allegations may be true for some unethical participants in a booming industry, the case has not been made that the sector as a whole is negligent. Supporters of the for-profit sector also argue that these institutions tend to have more at-risk students than their traditional counterparts; consequently, they have a greater proportion of students who have dependents, are poorer, first-generation, women, and financially independent. They also have higher proportions of underserved racial and ethnic minorities, and claim that they serve these categories of students as well or better than many publics.

There is also considerable discussion about why the for-profit sector should be held to a particular standard with regard to graduation rates when federally mandated calculations to determine these rates are skewed in favor of institutions that enroll traditional students who enter college directly from high school and attend the same institution full-time until graduation. One wonders why one sector – the for-profits – are held to one standard and other sectors such as community college and public four-year institutions are not. While it is unclear what the eventual outcome will be in Congress, it is hard to believe that the system will be entirely shut down – in part because if the country is going to increase college participation and employment rates, then each sector needs to participate. One sector without the others compromises the whole. California, for example, as of fall 2008 has approximately 158,000 students attending 2-year and 4-year for-profit institutions. If we closed the for-profit sector down today where would these students go and at what price to taxpayers? When transfers between the sectors are also considered, the problem increases.

Although California can certainly learn from particular policies that other states have implemented, because of the unique nature of American higher education, how each state has developed its public and private sectors is significantly different. The east, historically, has a higher percentage of students attending private institutions whereas in the west there is a larger public presence. Some states have a very small percentage of students attending private non-profit institutions but a sizeable number of students at for-profit colleges and universities (e.g. Arizona). The result is that no state functions in a manner that California can simply imitate or completely ignore. Indeed, over the last half century, California has been looked to as a model for its Master Plan for public higher education, but that plan is now in tatters – and did not deal at all with the private sector.

Accordingly, just as the public systems need to grapple with several issues in order to increase performance, the state also needs to confront several important issues to increase higher education's overall performance, and consumers need to have adequate protection whether they take courses offered by private for-profit providers or independent or public institutions. And as the U.S. Department of Education is advocating, the states also must guarantee that licensure requirements provide protection and meet current demands of students regardless of what type of institution they attend. Today, state licensing boards have the ability to ensure that minimum standards are met by providers offering particular courses and degrees. But these same licensing boards also have the potential to act as barriers to entry by legitimate entrants. A licensing board has the ability to act as a cartel that seeks to ensure that new entrants are excluded by erecting high registration costs for entry, or time-consuming requirements that have little to do with whether a provider is capable of providing a particular course, certificate or degree.

"We need recognition that the independent sector plays a critical role. People don't know the private sector. It's frustrating that they don't have an understanding of who we are. We need a state-wide plan for all of us. Coordination will improve capacity and performance."

– President of California Private Postsecondary Institution

What, then, are viable public policies that might enable legitimate private providers to take on additional students?

Recommendations

1. Develop a common course numbering system and synthetic transfer system across all postsecondary institutions.

The state has made useful progress with the recent passage of the Student Transfer Achievement Reform Act (SB-1440), guaranteeing community college students who earn certain associate degrees junior status at the CSU. There is no reason, however, why such a relationship should only exist between the public community colleges and the California State University system. If the goal is to increase access to four-year institutions and to help the consumer/student, then all accredited institutions should be able to create a common course numbering system with identifiable outcomes such that a student might be able to take a course such as English 101 at a community college and have those credits transfer to the CSU, a UC, a private non-profit college or university, or a for-profit institution. Arizona has passed such legislation with the intent of helping students/consumers gain degrees in a shorter time span by easing the transfer process. California should create a system that allows students to transfer any general education and preparation courses for their major.

At the moment, the ability to transfer is geared toward institutional and faculty attitudes rather than that of the consumer – the student. Tens of thousands of California students face institutional inefficiencies that make transfer difficult through no fault of their own. Transfer policies are not customer friendly and the result is that institutions are unable to increase capacity because all 'seats' are full, and students end up paying more and taking longer to graduate than is necessary. The state has allowed the public systems to "lock-out" private systems from student transfer, to the detriment of both the students and the state.

Most community college students who currently transfer to the CSU, the UC and private institutions also need to repeat courses they have taken at the community college. If there were a common course numbering system, then the number of transfers to private institutions would rise (see Table 9).

Table 9.
California Community College Transfer to Public and Private Institutions

Year	Transfer to UC	Transfer to CSU	Total Public Transfer	Total Public Transfer
2004	11,696	34,712	46,408	4,902
2005	11,984	34,272	46,256	4,575
2006	11,857	36,199	48,056	3,044
2007	11,851	36,623	48,474	3,663
2008	12,384	33,273	45,657	3,837

Source: California Postsecondary Education Commission, 2010s

These data, from the California Postsecondary Education Commission, represent the number of all fall transfer students from a California Community College to a California four-year public institution and private institution from 2004-08. AICCU has a higher number of students who transfer to private institutions because they contend that CPEC often overlooks National University. If we factor in all private non-profit transfers the numbers rise to approximately 8,669 for 2008 – still a small number of the total students seeking to transfer from California's Community Colleges.

The advantages of such a system are manifold. More community college students will transfer to four-year institutions, and therefore the state will increase the number of bachelor's degrees. Time to degree for students will decrease. Cost for students and the state (through Cal Grants) will decrease. Students will be less likely to earn credits that do not count toward a degree. Two and four-year institutions will graduate students sooner which will increase available spaces in their institutions. Determining common course learning objectives also will enable a platform for discussion across systems.

Three challenges of implementation exist: First, California's public and private postsecondary systems historically have operated as independent entities where relationships have been virtually non-existent. Second, some will resist the idea that what is taught in a community college could ever be equivalent, for example, to what is learned at UC Berkeley. Third, others will argue that accredited for-profit institutions should not be included in such a plan.

We acknowledge these historic but, we think, misplaced challenges. Unless the postsecondary sector operates as an integrated system, there is little hope of meeting the capacity and attainment needs of the state. We also understand the rationale behind the desire of different institutions to presume what they teach is better or at least different from what is taught at other institutions. But we are not talking about the processes of learning or how a course is organized. We are suggesting that in the 21st century, educators should be able to determine a baseline for what needs to be learned in freshmen English, for example. And finally, accreditation is an overarching institutional framework. Common course requirements with common learning objectives constitute different activities from those involved in institutional accreditation. If institutions work with one another on specifics, then there is no viable reason why common courses cannot be achieved throughout California's postsecondary sector. (Common courses are one among several recommendations that serve to increase the "throughput" or flow of students. See the appendix for more on those recommendations.)

2. Incentivize private-public partnerships that discount tuition.

Budget cuts and the lack of significant curricular reform in the public sector have created capacity constraints in specific majors, frequently those that are in high demand, such as Nursing, Science, Engineering, and Math. Majors in professional fields, especially those in math, science and engineering, are in particular short supply at public institutions. Indeed, even though the CSU trains a majority of all engineers in California, they are at capacity. Without a significant infusion of state funding the CSU will be unable to meet current needs, much less expand. Although the budget outlooks of public institutions may improve at some point, for the immediate future one way to help meet the need in high demand majors is to create agreements with private institutions. Private colleges and universities historically have been open to such discussions but they hesitate for two reasons. First, some institutions do not wish to dilute their 'brand' by offering courses under the aegis of another institution. Such hesitancy is entirely understandable and by no means are we suggesting that such partnerships must be mandatory; nevertheless, there are numerous private institutions in California that would be open to such agreements if incentives existed and assurances were in place. This point leads to the other concern.

Private institutions do not want to commit resources and planning time to develop an agreement that could be terminated in a year or two because the public sector has found another option for offering degrees or simply have had second thoughts about such partnerships. In Florida, for example, the state worked with private institutions to offer degrees at a discounted price at community college campuses, but then pulled the agreement back when they decided to let community colleges offer four-year degrees. When the community college system of California created such an agreement with Kaplan University, statewide faculty organizations, among others, objected to this relationship and pointed out that they had not been consulted. The agreement was terminated. The inter-campus and inter-system agreements must be made "above" the system level, agreed to by all and obligating all systems.

Such agreements can work. California had such relationships after World War II to meet the needs of our returning GI's. The Universities of the Pacific and Southern California, for example, helped returning veterans to get credits before entering what

was then College of the Pacific. Similar efforts could work today. Illinois and Florida, among other states, have voluntary public-private partnerships that are cost-neutral to the state and provide consumers with course offerings and majors in a particular geographic region that would otherwise be unavailable (see Tables 10 and 11). The result is that private institutions have seen a modest increase in their enrollments, public institutions have not been unduly burdened, and the state has been better served with a more highly educated citizenry in underserved geographic areas and high needs fields of study.

If participation is voluntary, key parties such as faculty are consulted early, and a relationship can be set contractually over a specific time horizon of, then the benefits can be significant for the consumer. Degrees that are in short supply in a specific region of California might be made available if a private institution has the requisite capacity. A public institution that is currently unable to offer a degree is able to maintain the degree in their catalogue until their resources improve. Although the price would likely be less than the tuition a private institution charges on its own campus, several optimistic scenarios exist. The private institution still generates income that otherwise would not exist; the private college or university also raises its profile and engenders good will in the community. The institution also creates relationships with public two- and four-year institutions where none may have previously existed, which opens the door for further collaboration. Students who initially take classes offered by the private institution at a public campus may wish to complete the degree at the private college or university. Depending on the agreement, the student might pay an equivalent tuition to what he or she has been paying, or they might be expected to pay full tuition (or they simply may not wish or need to transfer).

Table 10.
Example 1 of Public-Private Postsecondary Partnerships

University Partnership Center at St. Petersburg College (Florida)	
〈 Alliance of 16 public and private colleges and universities with a mission of providing bachelor's and graduate degrees to over a million people around Pinellas County, Florida. 〈 Offers junior and senior level courses at the UPC for bachelor's and graduates degrees from the member institutions 〈 Programs offered at the UPC are to be of the same quality and professional development as the home campuses	
Degrees	〈 Students can take junior and senior level courses for bachelor's and graduate degrees 〈 Degree programs in: business, education, interdisciplinary, medical/health, professional degrees, technology/information science/engineering
Financial Aid	〈 Students pay same tuition as at the home university and are considered students of the home institution even though they take classes at a University Partnership Center campus
Classes and Teaching	〈 Traditional classroom setting: students come to class on campus and an instructor from the "home" institution teaches 〈 "Two-way interactive" video conferencing is another option for students
Member Institutions	〈 University of South Florida, University of South Florida at St. Petersburg, Eckerd College, University of Florida, Florida State University, Embry-Riddle Aeronautical University, University of Central Florida, Florida International University, Florida A&M University, Saint Leo University, Florida Gulf Coast University, Florida Institute of Technology, Barry University, Case Western Reserve University, Cleveland State University, Indiana University, and St. Petersburg College

Source: Adapted from information provided by the University Center of Lake County website (http://ucenter.org/index.php).

Table 11.
Example 2 of Public-Private Postsecondary Partnerships

University Center of Lake County (Illinois)	
〈 University Center of Lake County is a non-profit organization whose budget comes mainly from the Illinois Board of Higher Education 〈 Partnership of 8 public and 10 private institutions 〈 2006-07 enrollments: 5,316 registrations in 766 courses	
Degrees	〈 Provides bachelor's completion, graduate, and advanced professional programs at multiple sites 〈 80+ degrees 〈 Students apply to and graduate from an individual college or university 〈 Academic standards and quality are maintained by the college or university's faculty
Financial Aid	〈 Host institution provides information about financial aid offers
Classes and Teaching	〈 Variety of formats for classes: weekends, evenings, videos, online, etc. 〈 Classes taught by faculty who are on staff at the member schools' main and satellite campuses
Member Institutions	〈 Benedictine University , Chicago School of Professional Psychology, Concordia University Chicago, De Paul University , Dominican University , Governors State University, Illinois State University, Kendall College , National-Louis University, North Park University, Northeastern Illinois University, Northern Illinois University, Roosevelt University , Saint Xavier University, Southern Illinois University, University of Illinois at Chicago, University of Illinois at Springfield, University of Illinois at Urbana-Champaign 〈 Each university designates what programs they offer through the partnership (for example, Northeastern Illinois University offers a MA in Education Leadership or Special Education, or a BA in Psychology

Source: Adapted from information provided by St. Petersburg College University Partnership Center website (http://www.upcspc.com/).

Although the state need not broker such agreements, and institutions may create such arrangements at any time they so desire, what seems to be the major roadblocks are governance systems that balk at collaboration, and public institutions unwilling or unable to create agreements over a specified time horizon. However, the state could encourage such collaboration by creating an incentive fund to help establish the agreements. If the state agreed, for example, that there are three critical shortages in specific regions of the state, they could provide incentive funding in terms of tuition to students (which ends up at the institutions) for successful arrangements. The state must also reassure partners that they want cooperation and won't pull out. Again, if the state wishes to increase capacity, then public-private partnerships are essential.

3. Outsource remedial courses to specialized private postsecondary institutions and other entities.

Remediation is a baffling problem in California. Students graduate from high school with grades good enough to attend a four-year institution, but over 60% of students attending the CSU test into classes that highlight they are not prepared to take college-level work. The problem is not with the students – it is with systems that do not provide adequate instruction to overcome academic deficiencies which are often the result of limited financial resources and impoverished social environments. And yet, the research literature is replete with examples on how to overcome the need for remediation (Carter, 2006; Goen-Salter, 2008; Gutiérrez, Hunter, & Arzubiaga, 2009; Hull & Rose, 1989; Kinsler, 1990; Rigolino & Freel, 2007). Accordingly, the state needs to direct monies in an efficient manner to providers who will solve this key problem preventing California from increasing capacity and attainment levels.

Accordingly, the recommendation here pertains to how the state might deal with students who graduate from high school but are not college ready. There is little, if any, evidence – for a consistent period of time for large groups of students – that

California's public schools or public postsecondary institutions have done successful jobs at overcoming the need for remediation. Some might even argue that the evidence is the opposite – that the broad swath of low-performing public schools have been incapable of enabling students to be college ready, and the public postsecondary institutions have been equally incapable of successfully providing remedial courses for large groups of students once they are in college.

Our purpose is not to suggest how public K-12 education needs to reform or whether one educational venture is better than another. However, remedial education costs the public four-year postsecondary system dollars when there is little money to meet needs for basic academic services. There is a great deal of disagreement about the likelihood that remedial college coursework will eventually help students complete college or if it simply slows the inevitable progression toward dropping out of college (Attewell, Domina, Lavin, & Levey, 2006; Bahr, 2010; Bailey, Jeong, & Cho, 2010; Bettinger & Long, 2009). However, there is no disagreement that a student stands a greater likelihood of eventually completing college if he or she arrives to school "college-ready." The CSU's and the UC; to an extent, are spending resources, professorial and student "time" on remedial coursework. It is a task that is professionally unrewarding for faculty and ill-suited to their mission of graduating students with a college degree.

For some private non-profit and for-profit institutions, however, serving students in need of remedial work has been of long-standing concern. Education providers that specialize in tutoring, credit recovery, and some forms of special education have a history of addressing learning deficiencies. Scalability and innovating are easier for some privates, and monitoring of outcomes can be done without a particularly cumbersome bureaucracy. If private providers fail to get students up to speed then it will be relatively simply to observe that failure and curtail the partnership.

Someday all students may graduate from high school and be college ready, but until that day comes, the state needs to develop alternative strategies for enabling students to become college ready. We also know from research in organizational behavior that institutions perform better when they have a clearly defined mission rather than a diffuse one. At a moment when the public universities are claiming that the state is not providing enough monies to perform basic services, it is hard to believe that the amount of remedial coursework will be offered to the degree that is necessary.

Indeed, overcoming remediation and enabling primarily first-generation low-income students to attend a postsecondary institution college ready will have significant consequences for not only increasing capacity, but also improving the attainment rates of four-year institutions. One possible approach is simply to eliminate remedial classes at all four-year institutions and let students fend for themselves. When they are college ready (e.g., pass an entrance exam), they may attend an institution. Such a remedy is no solution. The state has a civic obligation and an economic interest in ensuring that more students graduate with a four-year degree; simply setting up barriers to entry without offering alternatives is no remedy and would actually lower college completion rates. Further, simply testing students and informing them that they are not college-ready does little if those students do not have the skills to figure out what to do, or the options to overcome specific deficiencies.

Instead, we are suggesting that the state put out for bid new ways to address remediation. For example, focus on students who appear ready to have completed their A-G requirements by the end of the 11th grade but still have academic deficiencies; fund providers that offer intensive remedial writing and math courses through senior year and the summer before college. Increasing organizational efficiencies necessitates that a problem is met and overcome. Clearly, remediation has not been taken care of in the public systems; thus, enable alternative providers to put forward solutions and ensure that the state demand results. Incorporate performance contracting into the bidding process, basing some or all of the payments on successful remediation efforts. The state can divert those monies currently used for remediation that have proven ineffective, and they should work aggressively with the philanthropic community to set goals and targets.

4. Incentivize non-profit private colleges and universities to enroll state-resident students over and above the average number of students they have had for the past 3 years.

The leaders of public institutions have pointed out that they are at capacity unless and until they receive an infusion of funds for expansion of existing facilities or construction of entirely new campuses. Given the state's present and mid-term fiscal difficulties, if these are prerequisites, increases in public enrollments are not likely to happen.

Conversely, some of the state's private, non-profit institutions have the ability to expand enrollment but limited incentives to do so. Our interviews and research indicated that, in the current status quo, expansion was not a high priority for many even though additional enrollment capacity theoretically exists. Private for-profit institutions are capable of growing rapidly and have incentives to do so. As we discuss below, these institutions (and taxpayers) do not need financial incentives but, instead, a regulatory climate that enables growth and assures California's students of quality and a reasonable return on investments in high-education.

A piece of the puzzle is then, in our opinion, creating incentives that will encourage certain of the state's private, non-profit institutions to more aggressively consider enrollment expansion. We recognize this will be controversial at a time when the state is contemplating additional reductions in support for the three public systems. In normal times, state incentives focused on private, non-profit, higher educational institutions would be unnecessary. If the state had no capacity issues, or if the public system had the ability to increase enrollment on its present campuses without a significant increase in funding, then a suggestion to incentivize the private sector might be unwarranted. Unfortunately, the opposite is the case. Although incentivizing the private non-profit sector is not a panacea, it is one tool that will help expand capacity.

Many private non-profit institutions also are at capacity and have little desire, much less need, to admit additional students. However, many institutions also would consider additional students if the state provided an incentive to increase capacity. We are not suggesting bonds that might enable building initiatives, in large part because if public monies are to be spent for infra-structure they should be spent for public institutions. However, if one were to average the number of undergraduate students in attendance at an institution over the last three years and then provide a premium per student up to an additional 10% of the student population, potential benefits to the state will be seen in terms of enabling more students to participate in postsecondary education. The incentive for the institution is a modest infusion of income. The state benefits by the ability to admit more students at a relatively small marginal cost at a time when alternative options are foreclosed.

Although some might argue that public institutions should be able to avail themselves of such incentive funding, they already have claimed capacity constraints. The point is not to make gigantic introductory classes even larger, and indeed, rules could be written in to ensure that does not happen for students attending private institutions. Regardless, public institutions have made clear that they cannot take on additional students without significant changes to the curriculum and buy-in from the faculty collective bargaining units; it would be inappropriate for the state to provide such funding to for-profit companies. However, we could see an influx of students to private, non-profit institutions, especially in regions such as San Bernardino, Yuba, Kern, and Riverside counties, where there is not enough public postsecondary capacity to meet the needs of potential students.

5. Outsource on-line learning and focus on competency-based, not credit-based learning.

All of the state's public institutions are overwhelmingly seat-based, credit-bearing institutions. Our private non-profit, and even for-profit institutions, also provide largely site-based instruction, although some for-profit institutions have made inroads in on-line learning (OLL). Many faculty at public and private institutions have significant reservations about turning their courses, and by inference, the institutions' curricula into online ventures. The technology continues to improve, but one assumption of many faculty is that OLL currently falls short in comparison to the very best courses offered by tenured faculty in public and private institutions. At the same time, there is increasing evidence that well-designed on-line courses can have outcomes equivalent to, or even superior, to traditional courses.

Regardless, the vast majority of undergraduate classes, especially in the first two years, are no longer the very best courses offered by tenured faculty. Public and private institutions alike hire more non-tenure track faculty than tenure track. Almost two-thirds of all faculty are now non-tenure track faculty, and four-year institutions now have more non-tenure track hires than tenure-track. Small seminar classes offered by a majority of tenure-track campus based professors are an artifact of the past that has little, if any, likelihood of returning. Well under fifty percent of all UC undergraduate classes are taught by full time tenure-track faculty. The costs are too high, and the culture of the professorate gravitates against most senior faculty offering freshmen seminars. The result is that in the 21st century, especially on public campuses, course sizes have ballooned and contingent faculty or graduate students increasingly offer undergraduate classes. Based on these new realities, we believe it is urgent that the state aggressively move toward the adoption of an experimental model for OLL as 29 other states already have done with K-12 online learning.

Online learning is particularly well suited for lower division introductory survey courses that prepare students for upper division coursework. OLL is also well suited for some of the introductory courses of a more practical and applied nature which is part and parcel of the more professionally oriented degrees (e.g. Business, Marketing, Accounting). Further, OLL offers one possible way to expand the system in a significant manner. Yet again, however, California's public postsecondary systems are not well-prepared to pursue that possibility aggressively and with vigor.

National online institutions have the capability of offering significant numbers of courses that are frequently competency-based rather than credit-based, a model fully in accord with recent regulations put out by the U.S Department of Education. Students take courses at their convenience, scalability is generally not an issue, and campuses, obviously, are irrelevant. Insofar as the price structure is for time rather than credits, the potential exists for students to speed up their learning rather than have to wait four, five, or six years to get a degree. Indiana has adopted just such an approach (see Table 12).

Although some will argue that low-income residents are the least capable of tapping into technologies offered over the internet, the 'digital divide' is not as great as it was only a decade ago. Further, an increasing number of public locations such as libraries already have places where students might access the internet. Further, if only the most capable were the ones that tapped into OLL, seats are still freed up in bricks and mortar classrooms. The result is that this recommendation has the greatest ability to provide the most significant increases in capacity in California.

The manner in which such a recommendation might work is relatively straightforward. Enable a national-serving postsecondary provider access to Cal Grant funds. Create safeguards in the agreement to ensure access for everyone, as well as ethical admissions and financial aid processes; set target retention and completion standards that must be met for continued Cal Grant funding support.

Table 12.
An Example of an outsourced Online Education Provision Agreement

WGU Indiana	
〈 Alliance of 16 public and private colleges and universities with a mission of providing bachelor's and graduate degrees to over a million people around Pinellas County, Florida. 〈 Offers junior and senior level courses at the UPC for bachelor's and graduates degrees from the member institutions 〈 Programs offered at the UPC are to be of the same quality and professional development as the home campuses	
Degrees	〈 Bachelor's and Master's degrees in Business, Information Technology, Teacher Education, Health Professions and Nursing
Financial Aid	〈 Tuition is a flat rate per six month term ○ Teachers College programs, Information Technology degrees, Business Bachelor's degrees: $2,890 ○ MBA programs, Nursing Programs: $3,250 〈 Eligible for Indiana and federal financial aid programs

Source: Adapted from information provided by Western Governors University website (http://indiana.wgu.edu/).

In effect, the organization with which the state created the agreement would become a quasi-public institution in California as it did in Indiana. Students would graduate with a degree from the institution and the courses would meet common learning standards that the state could set. The institution would work with the state to set the tuition fees to ensure that costs would be covered and the institution had the requisite funds, but also that the consumer/student did not encumber more debt than if he or she were to attend a CSU or UC as a full-time residential student. Admittedly, such a suggestion is an experiment and a departure from the approach to earning public postsecondary institutions have provided in California since their inception. If the state did not face such significant person-power shortages, and if other states were not already moving ahead with similar initiatives, then business as usual might be acceptable.

But extraordinary times demand significant experiments as long as they have requisite safeguards built into the agreement. Although some of our previous suggestions will improve the system as it currently exists, what we are suggesting here is a radical alternative supplement to the standing system. The cost is relatively low insofar as we are not suggesting de novo creation of infrastructure for faculty, staff, or buildings. National providers have the potential to make a significant dent in the coming shortages that we are going to face if we simply maintain our current processes and structures and do nothing else. It would be difficult, if not impossible, for the public system to build a similar online system: such an experiment would be expensive and slow and would surely meet with faculty resistance that would make such an experiment at least unlikely if not impossible.

6. Lessen barriers to entry from out-of-state providers.

Higher education is currently undergoing a world-wide transition from campus-based classes to multiple providers offering classes in multiple locations. Whereas Monash University, for example, once meant a public university that existed in Melbourne, Australia, today Monash has locations throughout the world that are branch campuses and even spin-offs from the original. Online providers are quickly reshaping how to think about learning, but state public policy has had a difficult time keeping up with the changes.

The public nature of the institution also has changed. Revenue comes in from various sources rather than simply from public monies. The same point can be made with regard to California's public and private institutions. Some of the state's institutions offer some courses online so that students can take them in other states; some also offer classes in other countries.

However, out-of-state providers can encounter obstacles when trying to offer courses in California. Licensing boards and agencies have the potential to erect barriers to entry that prohibit, or at least retard and discourage, new participants. Costs can be prohibitive and the paperwork necessary to jump through the multiple hurdles that can be erected sends a clear message. At a time when the public postsecondary system is at capacity, however, the message to new entrants cannot be one that discourages participation in California. The state needs to rethink licensure requirements when appropriate and recognize that some entities act as a quasi-cartel aimed at keeping out new competitors. The added investment in infrastructure for program oversight and quality control is very small in return for the significant increase in course provision and student participation. Institutions and programs that operate in different states need some sort of regional approval mechanism. Without that mechanism, the institution runs the risk of contradicting the policies of one state when it tries to meet the requirements of another. This increases costs and reduces efficiencies. Further, those who sit on licensing boards frequently have licenses to operate in the state. They have no incentive to broaden participation; indeed, they have the temptation to act in self-interest in an entirely legal and proper manner. However, such a stance is no longer in the interest of the state if greater participation is needed to increase capacity and attainment.

Minnesota, Wisconsin, and Washington, among others, are examples of states that are moving in the correct direction. The rules that each state has made for out-of-state providers are relatively clear, and the hurdles for approval are not burdensome. The cost for an application as well as the renewal process is not particularly high, and each state makes clear what the

expectations are for approval and renewal. The offices function in a collaborative manner, and the tenor of the approval process is to see how a provider might gain approval while at the same time maintaining an overarching concern for the protection of the consumer and student.

7. Exert greater regulatory oversight.

We have suggested that in order to achieve the goals that have been put forward and to increase the economic welfare of the state, all postsecondary sectors need to be involved. We also know that different sectors frequently face too much regulatory oversight.

However, we have pointed out that the for-profit sector, in particular, has come in for a great deal of criticism. We have recommended that barriers to entry be rethought and even lessened in order to stimulate greater involvement of all sectors in the state. At the same time, California should not return to the days of the Wild West where consumers have little protection from flimflam providers who have no interest other than to make money and not provide a product that will help the citizen or the state. The state of California can do for higher education what most governments have always done with varying degrees of competence. It can pursue two objectives simultaneously: (1) attract businesses and (2) protect consumers. Both objectives are necessary conditions for much of what we have recommended. Taxpayers and students should not invest in any sector which is unaccountable to the public.

The state has created a Bureau for Private Postsecondary Education that presumably offers regulatory oversight of for-profit higher education in the Department of Consumer Affairs. The stated role of the Bureau is to evaluate proprietary institutions to ensure that they are meeting standards for educational quality and to ensure that they are not engaging in deceptive or unfair practices in student recruitment. The legislation requires institutions to provide accurate information to students on graduation and job placement rates, licensure exam passage rates, and program requirements. Institutions that offer courses within California must be approved by the Bureau unless they currently hold regional or national accreditation. Institutions that do not meet the standards set out in the legislation are expected to comply or possibly face sanctions. Several large for-profit companies even have gotten an exemption from oversight because they are regionally accredited.

The office is underfunded, under staffed, and lacks any significant authority or incentives. If the state acts upon the recommendations that have been suggested here, the potential exists for a great deal of interest from in-state and out-of-state providers to help solve the problem of capacity. While a great many of these providers will act in good faith, some will not. One vital role of any state is to provide protection to its citizens, and the regulation of the for-profit industry is one of those roles. The point is not to create so much oversight that potential providers are scared away from participating, but without an expansion of the Bureau in the Department of Consumer Affairs, the state is exposing the citizenry to unnecessary risk.

In Wisconsin, for example, the Educational Approval Board (EAB), has a great deal more oversight and authority to monitor private for-profit institutions. Schools in Wisconsin cannot function without EAB approval, and if they do operate, they face a daily fine until they close or gain approval. The EAB does not cost the state any money since they charge fees to those schools seeking approval. The EAB provides consumer protection and has strict guidelines that define what sorts of advertising are appropriate. Wisconsin also usefully clarifies the difference between accreditation – a voluntary form of approval – and state EAB approval which is mandatory for every school functioning in the state. Arizona, as well as other states, have similar offices that are not massive bureaucracies with red tape. Rather, these offices protect consumers against fraud but also create a healthy business environment that fosters investment in educational services in the state. It is useful to note that in states such as Arizona, Minnesota, and Wisconsin the for-profit providers have generally worked well with these offices.

8. Create a state-wide planning board that includes all sectors and enables greater coordination and programmatic coherence.

The United States in general and California in particular have moved from a distinct dual track program – public and private – to a mixture of public, private non-profit and private for-profit systems and institutions. Public institutions increasingly rely on private monies in the form of gifts and tuition, and private institutions increasingly rely on public monies in the form of student financial aid. And yet, in Sacramento the systems operate entirely separately from one another with little cross-sector communication and even less coordination. Even the public sectors have difficult times coordinating relationships with one another. The private non-profit and private for-profit sectors do not communicate with one another, and neither group has any formal relationship with the public sector. There is currently no collective, coherent leadership of or by the five systems of higher education.

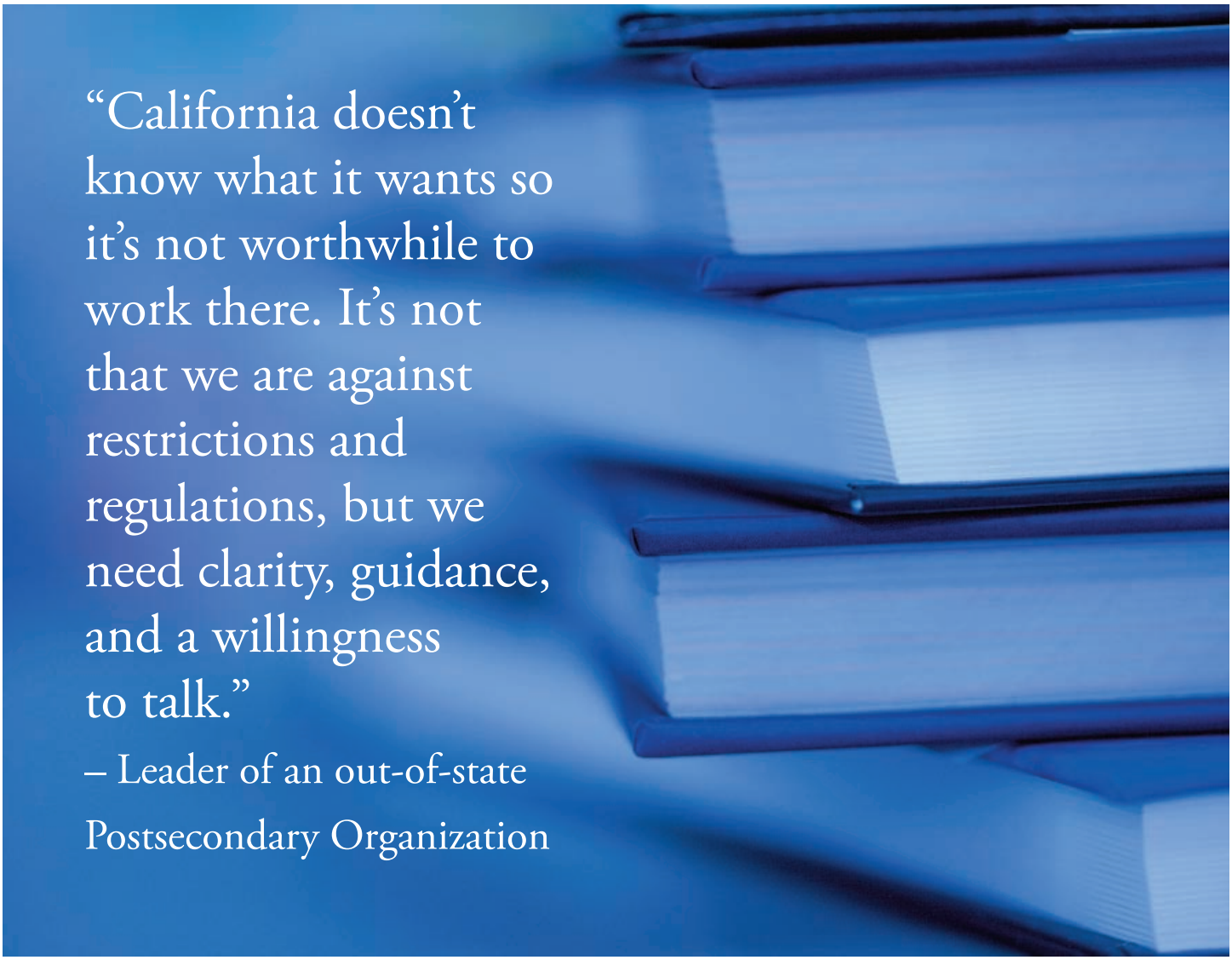
The result is a patchwork of relationships such that a private university may have upwards of a dozen articulation agreements with local and regional community colleges and state institutions. When presidents retire or move on, the agreements frequently fall by the wayside and eventually the organizations start anew. Faculties have even fewer relationships with one another even though they are charged with the development of the curriculum. Students, however, do not fully appreciate the differences across institutions and sectors and end up wasting time and money because of the lack of coordination across institutions. Such a model is outmoded, inefficient, exacerbates tensions, and makes coordinated public policy all but impossible.

The state needs a planning board that includes all public and private sectors which will be able to monitor, assess, and-- when necessary-- change policies that are geared toward achieving capacity. We are hesitant to recommend that one or another state is a model for reform in large part because there is no one best model. Coordination and collaboration can come in multiple formats and structures. Washington, Minnesota, and Ohio, for example, function in different ways, but they are much more able to coordinate activities across the state than currently exists in California. Minnesota, for example, has a cabinet-level agency whereas Ohio did not in 2009. Each state includes private institutions in their oversight although in different manners. The most important point for California is that these boards attempt to coordinate action across sectors and provide consumer protection and system coherence whereas California has a segmented plan and structure where no sector works with another and there is weak regulatory oversight of some schools and colleges.

To reach the goal that President Obama has outlined demands that California not have a laissez faire attitude toward enrollment growth. Rather, the ambitious agenda necessitates careful oversight and the monitoring of progress. Many of the recommendations put forward here demand that different systems work with one another in order to function as one system. Such coordination is unlikely to occur if there is not a statewide planning process that includes research, data collection and analysis, accountability measures, and a report card system judging institutional and sector effectiveness.

Conclusion

These eight recommendations function less as an a la carte menu and more as a single recipe in which each is necessary for the effort to succeed. If implemented with care and integrity over a reasonably expeditious timeframe, the throughput of students in California postsecondary institutions could be expected to increase up to 30% over the next ten years, nearly reaching the level of schooling that our workforce will require.



A Note on Method

During the course of the project we conducted interviews with individuals whose current role and past experience provided them with broad and deep insights into the problems and potential of higher education in California – 56 in total. Although most of our interviews were with individuals who worked in postsecondary institutions in California, we also paid particular attention to educational leaders in other states such as Florida, Texas, and New York to see what we might learn from their practices as a state. As we noted in the text, however, historical differences across states are significant and entire state systems did not apply well to California. Rather, as the text reflects, we learned more from individual policies and practices of one state (such as Arizona) that might be applied to the current problems that confront California.

We also interviewed individuals knowledgeable about the regulatory environment in Washington D.C. and how particular policies might impact California postsecondary education. Although we interviewed some individuals in the public sector who offered a great deal of insight about the current problems that California's public colleges and universities face, most of our interviews were with leaders in the private non-profit and for-profit sectors.

We also conducted a survey of the literature. However, the literature and research on how private postsecondary education might contribute to expanding access and attainment in higher education is not vast. Indeed, this area of inquiry is one of the least developed arenas of research in higher education. Research on for-profit higher education is particularly lean. The previous reports of the Public Policy Institute of California and the work done by the Association of Independent California Colleges and Universities were nonetheless very helpful.

We also have had 31 individuals review various drafts of the text; Erik Bruvold, President of the National University System Institute for Policy Research, was instrumental in shaping the project and offering timely feedback. Any errors, of course, are ours alone, and the recommendations reflect our own best thinking on the current crisis that confronts California.

A Suggested Future Research Area – Student "throughput":

A critical need exists to investigate ways that the state might incentivize timely graduation and penalize the accumulation of credits unrelated to a degree. Currently, institutional incentives are focused less on enabling students to graduate in a timely manner and more on having students spend seat-time that aligns with the accumulation of credits.

Three problems pertaining to time to degree exist that impact institutional capacity. Too many students enter college under-prepared and need to take remedial courses that consume time and money that could otherwise be used for credit-bearing courses. Students also take classes that do not count toward their major and, in effect, accumulate classes that do not move them toward graduation. Students also are unable to get the requisite courses required to graduate in a timely manner.

The impacts are manifold. The state no longer has the fiscal luxury of inefficiencies in the postsecondary systems. When students enter, they should be prepared. When students make decisions about which courses to take, every course needs to count towards completion. When students desire to take a required course, it should be available. Inefficiencies contribute to the state's capacity constraints. As noted above, 60% of CSU students take a remedial class, and only 13% of CSU's students complete a college degree in four years. Other students take classes because they cannot find the requisite courses and wish to maintain their eligibility for financial aid, and still others take one or another course simply to try a course with no viable academic plan (see Table 13).

The education system has three significant tasks: graduate students who are college ready; pare down the curriculum and ensure that required courses are available; fund only those courses necessary for graduation. We acknowledge that each task is a long-term goal, but there are also immediate steps that can be taken to enable many more students to attend college today. First, provide incentive funding for students who are college bound before they begin the 12th grade but are not ready for college. If students are not reading and writing at grade level, they can use the funding to pay for remedial courses before matriculation.

Table 13.
12th Grade Graduates Completing all Courses Required for UC/CSU Entrance, 2007-2008

State Total # of Graduates	# of Graduates with UC/CSU Required Courses	Percentage of Graduates with Required College Courses
376,393	127,594	33.9%

Source: California Department of Education, 2009

Second, eliminate funding for students who wish to be "perpetual students." While we certainly applaud students who wish to continue to learn, the state's obligation is not for a student to take courses as long as he or she desires. Peg the amount of

money a student may receive from a Cal Grant to the number of credits needed to graduate from the UC or CSU or private institutions, and/or dramatically increase tuition per credit for units taken beyond those required by the major.

Further, if the state capped support of students at 90 units for the community college, and roughly 120% of units required for the baccalaureate at UC and CSU, the savings from the general fund would be over 400 hundred million dollars. Beyond these unit limits, individual students would pay the same fees as out-of-state students. The rationale for such a suggestion is that students and institutions need to be much more focused. The state cannot continue to subsidize students to accumulate credits that do not lead to a degree or certificate – not only is such a practice costly, but those students prohibit an increase in capacity by taking up a space that someone else could assume.

Finally, and most importantly, courses that are necessary for graduation must be available in a pattern that is achievable in the necessary time. Although one method to ensure such a pattern is to penalize institutions that do not succeed, the organizational behavior literature generally suggests that incentives are a better way to bring about change. Accordingly, the state could set targets for each campus and public system as well as the private sectors so that within five years their college-graduation/completion rates are within a four-year time horizon and provide incentives when the targets are met.

We recognize the challenges these recommendations entail. Many high schools are not yet up to the task of graduating college-ready students. Many postsecondary institutions will claim that making more courses available to students is impossible because of budget cuts. Some individuals will philosophically disagree with the idea that a student should not be able to take classes for sheer intellectual enjoyment and fulfillment. Some faculty will resist the elimination of advanced courses that are in their particular specialty. Our response is largely based on the reality of the projected future workforce needs in California. If we do not act with urgency now and act in a manner that enables more students to be college ready and graduate in a timely fashion, we will not be able to increase capacity and the state will be at economic risk.

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