
Frequently Asked Questions Concerning Future Enrollment Growth at California's Public Universities

INFORMATION FROM THE CALIFORNIA POSTSECONDARY EDUCATION COMMISSION



This document presents questions and answers to some frequently asked questions concerning enrollment growth funding limitations and its implications at California's public universities.

Q: What is "enrollment growth funding" and what actions has the Legislature taken that would impact the funding of future enrollment growth at the State's public universities?

A: Historically, the State has provided increased funding to the University of California and the California State University to support each additional full-time-equivalent (FTE) student enrolled. This additional funding is known as "enrollment growth funding." In 2003-04, the formula used by the State to determine the amount of support the State would provide for each additional FTE student – known as the marginal cost for a new FTE student -- called for the University of California to receive about \$9,000 for each additional FTE student and for the California State University to receive about \$6,600 for each additional FTE student. The marginal cost amount for a new FTE student provides the resources associated not only with additional faculty to educate the student, but also the resources associated with additional student support and academic support services.

Given the State's current fiscal situation, in enacting the 2003-04 State budget, the Legislature adopted language stating its intent that the Department of Finance not include any enrollment growth funding for the State's public universities in preparing the proposed 2004-05 State budget. This language is consistent with the instructions recently released by the Department of Finance concerning development of the 2004-05 State budget. Given the Legislature's intent language relating to curtailing enrollment growth funding, it is unclear whether additional resources will be provided in the coming State fiscal year to support further enrollment growth at the State's public universities. There has been no similar expression of legislative intent related to enrollment growth funding for California's community colleges.

Q: How many additional students had been expected to enroll in the State's public universities in 2004-05 relative to the current year?

A: According to the California Department of Finance's most recent postsecondary education enrollment projections published in November 2002, it is estimated that the University of California, under normal circumstances, would enroll some 6,000 more California students in 2004-05 than in the current year and that the California State University would enroll some 13,000 additional California students next year. These estimates are similar to those prepared by the California Postsecondary Education Commission and by the State's two public university systems. Thus, the State's two public university systems combined were projected to serve about 19,000 more students in 2004-05 than they do in the 2003-04 academic year.

Q: What are the characteristics of these 19,000 additional students who were projected to enroll in the State's public university systems in 2004-05?

A: If the University of California is required to reduce 6,000 students exclusively through limiting the enrollment of new students, CPEC staff estimate that 83 percent of those 6,000 students would have been undergraduates and 17 percent would have been graduate students. Of the approximately 5,000 new undergraduates, about two-thirds would have been first-time freshmen and the remainder would have been additional community college transfer students who had completed all of their lower-division course work. Nearly all of the additional first-time freshmen would have graduated from California's public and private high schools during the current academic year and their racial-ethnic composition likely would have reflected greater diversity than ever before in the University of California's history. These estimates assume the continuation of past university admission and enrollment policies and practices; however, the University is currently discussing different scenarios for potential enrollment reductions in light of State funding limitations. Further, because a number of factors impact overall enrollments, such as the proportion of students who accept offers of admission and the length of time students take to complete their degree objectives (fee increases may speed time-to-degree completion), the overall number of students ultimately impacted is difficult to determine.

Similarly, for the 13,000 additional students who were projected to enroll at the California State University, about 85 percent would have been additional undergraduate enrollees and about 15 percent would have been students enrolled in graduate and teacher education programs. Of the 85 percent (approximately 11,500 additional undergraduate enrollees), nearly all would have been first-

time freshmen enrolling directly upon their California high school graduation, since the State University's highest enrollment priority is to accommodate upper-division community college transfer students prior to admitting any other new undergraduate students. Graduate and teacher education program students would have represented the remaining 1,500 additional students who likely would have sought enrollment in the California State University.

Q: How much additional State funding would typically be required in order to educate these 19,000 additional students at California's public universities next year?

A: Given the State's past funding policies and practices, the State General Fund cost associated with serving these additional 19,000 students would be approximately \$140 million annually, of which \$54 million would support the 6,000 additional students at the University of California and \$86 million would support the 13,000 additional students at the California State University.

Q: If the State fails to provide the estimated \$140 million in enrollment growth funding needed to support the projected 19,000 additional students does this mean that these students will not be able to enroll in the University of California and the California State University?

A: At this time (early September 2003), the answer to that question is unclear. Both the University of California and the California State University will be asking their respective governing boards to consider options for addressing continuing shortfalls in State support, including options relating to restricting enrollments in the 2004-05 academic year. For example, during the 2003-04 State fiscal year, both the University of California and the California State University each sustained significant reductions in State General Fund operating support with reductions amounting to more than \$400 million per system – nearly an 8 percent General Fund reduction for each system. Both university systems are also contending with on-going mandatory costs that were not funded by the State. Given the significance of these continuing funding shortfalls, both the University of California and the California State University have expressed serious reservations concerning their ability to provide quality education and instructional programs to all students who have already been admitted and are enrolled within their institutions. Both university systems have also indicated that without additional State General Fund support they will be forced to reduce or limit new student enrollments in 2004-05 in order to protect the quality of educational services provided to those students still enrolled.

Meanwhile, in order to protect the quality of education for those students currently enrolled, 11 California State University campuses have already announced that they will not accept any undergraduate admission applications for the remainder of the 2003-04 academic year. Similarly, the University of California has returned approximately 1,500 applications from prospective students seeking to enter the university in the winter or spring terms of this academic year. The Postsecondary Education Commission anticipates issuing other issue briefs focusing on the implications associated with actions being taken by both the university systems and their campuses during the current academic year.

Q: Doesn't California's Master Plan for Higher Education require the University of California and the California State University to admit and enroll all eligible students? Won't the university systems be violating State law if they place limitations on student enrollments?

A: California's Master Plan for Higher Education is a compact between the State of California and its public higher education institutions. The Master Plan provides that all California residents in the top one-eighth (12.5%) or top one-third (33%) of the statewide high school graduating class who apply on time be offered admission to some campus within the UC or CSU system, respectively, although not necessarily at the campus or in the major of first choice. Typically, the Master Plan has been interpreted as requiring the State's public universities to find a space for all eligible students and for the State to provide sufficient funding to support those enrollments. However, not every aspect of the Master Plan is in statute; it has been the historic institutional policy and practice of both university systems and the State to honor these provisions of the Master Plan. Since 1960, even during periods of severe budget constraint, the State's public university systems have continued to admit every eligible California high school student. However, in light of the Legislature's intent language relating to enrollment growth funding, these historic Master Plan policies and practices may now be revisited.

For questions concerning the information presented in this issue brief, please contact Karl Engelbach of the California Postsecondary Education Commission staff. He can be reached at kengelbach@cpec.ca.gov or at (916) 322-7331.