

Perceptions About the Financing of California's Public University Systems

Research with Key Stakeholders, Engaged Voters, and Students

2017



David Binder Research

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This study by David Binder Research was commissioned by College Futures Foundation to inform its work on higher education finance reform in California.

College Futures Foundation wishes to thank David Binder Research for its authorship of this report. The analysis and conclusions are those of the authors only, and do not necessarily reflect the views of the Foundation. Questions or feedback about the findings may be directed to Regan Douglass, Director of Communications for College Futures, at media@collegefutures.org.

INTRODUCTION FROM COLLEGE FUTURES FOUNDATION

Public Higher Education Finance Reform Will Be Challenging but Necessary According to Range of Experts, Voters

California is in the grip of a paradox—a college education has never been more important to have, but has never felt harder to get. With more qualified students than ever seeking a constrained number of seats, many students and their families worry that the promise of higher education will elude them. For the public university systems in the state—the University of California and the California State University—ensuring that all qualified California students can achieve their educational goals is an enduring challenge.

With an understanding that guaranteeing these systems' future effectiveness—and student access to those systems—is a complex undertaking, College Futures Foundation commissioned David Binder Research to reach beyond simple solutions by engaging a wide range of people with a deep stake in the success of California's higher education system.

We at College Futures funded this qualitative research as part of our commitment to building a shared understanding between public policy makers and higher education leaders of the finance system challenges facing California public universities, as well as practical ways to solve them.

Our examination of higher education finance began in 2016 with a series of discussions with experts with deep experience across public policy in general and higher education finance in particular. We used these conversations to review research, to test ideas and language, and to help formulate a realistic and actionable plan. This qualitative study is an important next step in our work to listen carefully to experts and the public about how to strengthen public higher education in California.

David Binder and his team conducted one-on-one interviews with business leaders, state finance officials, and Sacramento insiders. He also led group conversations with teachers and university employees, and focus groups with voters representing a diversity of political views and with students planning to enter college. His report paints a nuanced picture of California's higher education system as it reveals a combined commitment from inside and outside the systems to provide California's students with the education they will need to succeed in the new economy.

Here are some findings from David's research that we feel are particularly notable:

- **California's public higher education system is seen as relatively accessible to all.** The most commonly cited positive feature was the ability for a diverse student body to access public higher education. Many also cite the system's relative affordability, the tiered structure allowing for greater opportunities for all types of students, and the strength of the research conducted throughout the system.
- **Insiders and outsiders alike agree that the public higher education system needs to become more efficient and less wasteful.** However, while people inside the system agree that efficiencies can and should be sought, they feel that the overall system will be unstable without additional reforms and funding.
- **In addition, interviewees agreed on the need for a few major areas for reform: revenue stability and predictability, more revenues, and improved accountability and transparency.** Nevertheless, there was disagreement among the groups about the level of urgency with which these reforms are required. People inside the system believe such reform is essential to prevent a significant decline in California's higher educational system.

- **There was broad support for the UC and CSU systems, but interviewees acknowledged that strengthening these systems would not be easy.** Also, we noted that people across the ideological spectrum seemed largely in agreement about the value of the systems and the need to protect them. This seems to provide a real opportunity to do what it takes to ensure their success over the long term.
- **Finally, we were particularly struck by the interviewees' realism and pragmatism in addressing the systems' various challenges.** This came through particularly clearly in frequent dismissal of the concept of "free college tuition" as unrealistic. As one interviewee noted in a focus group session, "There's no such thing as free."

In all, David Binder's qualitative analysis is an excellent step in engaging in a deeper and more thoughtful debate about how to best provide California's students with the chance to achieve their educational goals and have the best chance to benefit from the 21st century economy. Over the coming year, we plan to continue to commission qualitative and quantitative research to gain a fuller understanding of Californians' perspectives and to help shape recommendations for continued improvement.

Learn more about College Futures Foundation at www.collegefutures.org, and find more information on higher education finance reform for California at www.higheredfinance.org.

RESEARCH METHODOLOGY

Research Methodology: Individual Interviews

- Nine individual interviews were conducted with key stakeholders from institutional stakeholder groups and interest groups inside and outside of the higher educational system.
- College Futures Foundation selected the list of potential interviewees and made the initial contact by email with each of the key stakeholders identified.
 - David Binder Research (DBR) staff scheduled interviews with all willing interviewees and conducted the interviews.
- All interviews were conducted with assurance of confidentiality regarding any statements and opinions.
 - For this reason, no exact quotes will be used in this report from the individual interviews, nor any opinions that can be tied back directly to any of the interviewees.
- Each interview lasted approximately 30 minutes.
- Interviews were conducted between March 9 and April 6, 2017.

Research Methodology: Small Group Discussions (Triads)

- Two small group discussions were conducted with key stakeholders inside the higher educational system, with each discussion lasting about two hours.
 - Nine participants participated in Oakland, California on May 8, 2017.
- College Futures Foundation selected the list of potential interviewees and made the initial contact by email with each of the key stakeholders identified.
 - David Binder Research (DBR) staff scheduled interested participants and confirmed attendance for the two discussions.

All interviews were conducted with assurance of confidentiality regarding any statements and opinions.

However, statements made in these small group discussions are quoted in this document, though they are not tied back to any specific individuals.

→ **Statements from the interviews (both individual and small group discussion) are delineated using orange quotation marks.**

Research Methodology: Students and Engaged Voter Groups

Four focus groups were conducted as following:

Location	Date	Composition
Riverside, CA	May 16, 2017	High school students planning on attending college, mixed gender, mix of ethnicities, 16-17
		Engaged voters, Democrats and Independents, Boomers and Silent Generation (age 53-75), mix of ethnicities
Los Angeles, CA	May 17, 2017	Engaged voters, Republicans and Independents, 30-69, White
		Engaged voters, Democrats and Independent, Millennials and Gen Xers (age 25-52), no students, mix of ethnicities

The **engaged voters** had to participate in at least two public service / community activities, such as regularly attending public meetings or school meetings, contacting elected officials, working or volunteering for a political campaign, holding or running for a leadership position in their community, working or volunteering for an organization seeking to impact the community, attending rallies or meeting in response to President Trump, or writing letters to the editor. Each group session lasted approximately an hour and 45 minutes.

→ Throughout, for clarity, findings from the engaged voter and student groups are outlined in blue. Quotes from this group are noted with blue quotation marks.

VIEWS ON HIGHER EDUCATION FINANCE

The commitment of California's system to accessibility stands out, named by nearly every key stakeholder as a positive.

What stands out as something California's higher educational system does well?

- **Access** is stressed by every leader in the individual interviews and brought up in each small group discussion, and this term encompasses a few different points regarding California's system:
 - There is access to students of all backgrounds at different levels of income.
 - The tiered system enables access to a wide swath of students with different academic levels at an appropriate entry point, with a wide variety of course offerings.
- Many point out that higher education serves as an **economic engine**, meaning the system creates an educated populace that helps drive California's economy.
- Top leaders in the individual interviews bring up the strong **research capabilities**, with the business folks stressing the importance of the research component to the state's innovation economy.
- The system also provides **quality education at an affordable rate**, and is considered a bargain by many leaders compared to private schools with higher quality than many other public and private institutions.

Voters largely believe that California's CSUs and UCs provide good value.

What stands out as something California's higher educational system does well?

- Voters believe that California's higher educational system provides good value, is “worth the money” and has a “pretty good” return on investment.
 - Yet, few voters bring up specific positives around access and quality (despite many having children that attended or who attended themselves).
 - No voters bring up the strong research capabilities at UCs and CSUs.
- Students have a desire to attend UCs and CSUs, and are viewed as high quality and relatively affordable.
 - That there are locations through the state is cited as a positive.
- Voters did not immediately connect higher education and California's economy.
 - However, in the Democratic group in Los Angeles, voters agreed that California's tech sector has benefited greatly from its education and training.



I think one of the reasons why California is the incubator, especially for the technology, because that here, it also draws people... We can draw talent from the east coast to come here and it creates and cultivates an environment where you end up with lots of techies and lots of folks that are starting businesses. – LA Democrat

Inconsistent funding, low graduation rates, and a lack of transparency are most often raised by key stakeholders as challenges.

What challenges do you see facing higher education in California?

- **Inconsistent funding** and an overall lack of investment in the entire system is viewed as a primary challenge.
 - Some feel the system cannot meet all the needs of students or the California population with its currently level of funding.
 - A few call out the legislature for treating the system unfairly (using more colorful language) and picking on the system so as to invest in other areas that have stronger constituencies.
- While access is a strength, there is an issue with **low graduation rates**.
 - Multiple participants stress that “access is different than completion.”
 - There are concerns for students who take on debt to invest in their education, but then do not complete a degree, which is a failure for both the student and the state.
- **Lack of transparency** about how funding is being used.
 - Some wonder if the cost effectiveness of investments are being fully considered.

Faculty repeatedly raise challenges over cost of living in relation to salaries. Faculty also worry about fewer availability of courses.

- Colored by the location of the conversation (the Bay Area), cost of living is a driving concern for faculty, for themselves, and their students.
 - Faculty frequently talk with students regarding their challenges with cost of living.
 - The “long overdue” raises that recently occurred are helpful, but many call for further increases.



Students talk about it all the time... they are homeless. That's really troubling.



The biggest drop in students occurs between the first and second year, when they realize the burden of housing in the Bay Area, and that it's hard to get classes. And it might not be such a good idea to pursue this long-term investment.

- Bay Area faculty talk of a morale problem at CSU's among lecturers, given the low pay in high cost of living areas.



When the expectation is that you cannot live in the area you serve, it's an equity issue.

- Faculty also cite decreased course offerings, with not enough slots for all interested students, as issues.
 - With the number of students growing, yet many schools impacted, there is concern that not all residents will get an education given hard caps on enrollment.

The cost of attending colleges and universities is a primary concern among voters and students. Cost of living is brought up frequently.

- Voters and students know that the cost of attending college is increasing.
- Many bring up their frustration that more and more foreign students are being admitted, as they pay higher tuition (a benefit) but take the place of Californians (a negative).
- Many think financial aid exists for the low-income, but not the middle class.
 - There's a strong sense that the middle class is being left behind, with the extremes benefiting.



I know a lot of people who aren't going to a school that they love because of money. – Student



It's expensive. But it's really good. – LA Republican

- Students include cost of living in their decision on where to attend.
 - Many students include the cost of living into their total calculation that includes tuition, fees, and other student expenses.
 - A few had made decisions based upon cost of living.



My decision was based off of cost of living, the overall money, how much I would have had at the end of four years. I would have been in debt. I didn't go on campus because it was so expensive, more than living in an apartment with roommates. – Student

The cost of attending colleges and universities is a primary concern among voters and students. Cost of living is brought up frequently.

- When questioned about whether California is **living up to its promise**, most voters ask, “What is the promise?”
 - Some bring up foreign students under this item, saying they cannot live up to their promise if they are “chasing dollars and giving these spots to foreign students” (Riverside Democrat).
- Most voters agree the system is **accessible**, though possibly not at your first choice school.



You also have a lot of people that may apply to UCLA specifically, or UC Berkeley. Getting in there might be a little bit more challenging, but there's also UCSB, there's UCSD, there's UCSC, there's a litany of Cal States everywhere. If your goal is to get a degree of some sort from a California public university, out of all of them, there's a good chance if you want you can get into one of the schools. – LA Democrat.

- There is a mixed reaction on whether the higher education system is **equitable**.
 - However, some equate “equitable” with “fairness.”
 - Many talk of “equity” in making sure kids from all backgrounds can afford to attend.



*I think if you're not coming to that system with some sort of privilege, or greater privilege than what I had financially, I think it's not fair.
– LA Democrat*



No, it's not fair at all. – LA Republican

Students appear very pragmatic, aware of the challenge of admission and talking of choosing a major based on employment opportunities.

- Students understand how competitive it is to be admitted to colleges and universities.
 - Many are frustrated—but accept the system with resignation—by the lack of transparency and sense of decisions being made arbitrarily.



I always type in acceptance rate before applying, and I see '10%', and I'm like 'never mind.' – Student



I wish it was more clear about how they picked that. They say GPA, SAT, extracurricular. Why did I get into Santa Barbara and not Irvine? – Student



It feels like you're a number, you're not really a person. – Student

- Students express worries about finding a job after college, and talk of selecting a major so that they can be employed and not choosing a major based on their interests.
 - Many had stories of friends or family unable to find work in the area of their degree, and regretting their initial decision.
 - One woman talked of her plan to get a degree in American Sign Language, so that she can pursue her real passion of filmmaking.



You have to have your passion, but you also have to be realistic. – Student

Key stakeholders agree that consequences of not reforming higher education are worrying.

- There is agreement that the **economic consequences** of having an under-educated California populace that cannot meet the needs of the economy are serious.
 - A few worry that the state won't have the people needed to fill the jobs available, meaning Californians will be unemployed while the state imports highly paid workers.
 - A lack of access to qualified Californians also could mean a lower overall tax base, decreasing revenue to the state.
- Many faculty worry about the **watering down** of the quality of receiving an education at higher education in CA.

“ *There will be a watering down... as universities hire more and more adjunct faculty, and many are teaching multiple classes across multiple campuses, they don't feel invested.*

- As California becomes a non-majority state, many worry about the **social impact** of having a large portion of the population lacking degrees.
 - Some express concerns that if access suffers, society will suffer through even more income inequality.
- The extraordinary economic benefits from our **research institutions are at risk**, as is our ability to maintain current levels of innovation helping to drive California's economy.
 - California's ability to drive the 21st century economy could be the most devastating impact.

Addressing these issues is considered essential, and there is an urgency from key stakeholders to address these issues.

- A few worry about the quality of UCs and CSUs gradually declining, and then reaching a tipping point where the quality and reputation fall out of the top tier.
 - Some worry that this tipping point has already been reached.



It's hard not to see a general budget collapse... the rationing, contractions, this push and pull can't last forever.

- Many key stakeholders cite the fact that California's public colleges and universities are competing not just against private institutions in California, but against public and private colleges nationwide and worldwide.
 - There are significant worries that continued decreases in funding will lead UCs and CSUs to fall outside the top tier of schools, as it is hard to be a trendsetter in reducing benefits or offering lower salaries when competing against the rest of the country for the best and brightest.
 - Some point out that too many elected officials do not understand the importance of the research capabilities, and do not understand what it takes to sustain a robust research institution.
- This issue is of utmost urgency, but many also agree that other issues will be considered as more time-sensitive issues, particularly in light of the election of President Trump.
 - These include the repeal of DACA, immigration, and others that will eclipse addressing the issues negatively impacting higher education.

In contrast, voters and students do not feel a sense of urgency around reforming higher education.

- Though agreeing that reforms to higher education are necessary, many do not share the sense of urgency with key stakeholders.
 - While some sense there could be some decline, or increases in tuition and reductions in access, most seem to believe higher education in California will retain its place among the best.
 - One says that we're treading water, pushing the problems down the road, but also feels California's university system will remain strong.

“ “ *I think it's relatively urgent because at the end of 10 years will our university system still be the best? Yes, I think so, in large part. We have amazing professors, amazing research institutions. I don't think that in itself would change, but in terms of accessibility, the barriers probably, more than likely could go up. – LA Democrat*

“ “ *I think that we're doing a decent job. I think that all the other schools and all the other states deal with the same kind of issues. At the end of the day, we still do have some of the best schooling in the country. People still want to go here. I think it'll change and they'll do their best to change, but I don't see it in the near future going downhill. – LA Republican*

- Many voters feel that California is graduating a sufficient number of students, and the greater problem is that there aren't enough jobs for college graduates.

“ “ *Yes, we're graduating enough, but do we have enough jobs for them? That's a different thing. There are a lot of people going to school and graduating. That's fine. – LA Democrat*

“Higher Education Finance Reform” is well understood by leaders in the individual interviews, but not by faculty or voters.

- Leaders in the individual interviews consider the term as expected or hoped, discussing:
 - Stabilization of revenues, and a multi-year budgeting process to allow for increased predictability in funding.
 - The need for an adequate level of minimum funding, with assurances the system will get a share of increased funding from the growth of the economy over time.
 - An analysis of how each dollar is currently spent.
- A few state that this phrase sounds like a strategy to cut funding for higher education, when they believe an increase in funding is needed.
- Faculty in the small group discussion are unsure what this term means.
 - A few worry this means privatization of colleges and universities.



Is it trying to do different things with the same amount of money?

- Voters react to the term in the context of funding, agreeing the system needs more funding.
 - Some sense that this “reform” will mean less access or higher tuition.



It needs more funding just like everything else needs more funding. I think the majority of the people when you hear higher education reform, there's a negative connotation to it. The first thing that comes to mind is higher tuition. – LA Democrat

There is agreement among key stakeholders and faculty that there is an urgency to address the financial issues.

Urgency of “Higher Education Finance Reform”

- Many consider financing issues the single most important issue within higher education.
 - Many say that without reforming financing issues, all the other issues discussed cannot be fully addressed.
- A few come back to the importance of transparency in the process, stating that with better understanding of the entire finance system, the reform process would be jumpstarted.
- A few step back to state that improving or retaining the high levels of access offered to students of all backgrounds is the most important issue (and not comprehensive finance reform).
 - Given the demographics of students, it is even more urgent to ensure the state can provide access and educate its students.
 - This leads to a conversation where some argue that this—increasing access—is why there is such an urgency to higher education finance reform.

Leaders tend to agree more that higher education needs more funding, and that gains in efficiency alone will be insufficient.

The following statements were shared with participants, who were asked to assume that both points of view share a common goal: to make higher education more accessible for qualified young people in California.

Point of view A: Higher education needs significantly more funding. Budget cuts have devastated our colleges, and have led to higher tuition, more crowded classes and fewer opportunities. Things will not improve until we make higher education a budget priority.

Point of view B: The problem with higher education isn't just the amount of funds, it is how we are spending the funds we currently receive. The money already provided to colleges can be spent much more efficiently, and by changing some priorities and funding mechanisms, we can increase college opportunity for young people in California without significantly increasing funds.

- While stating that they understand both viewpoints, more leaders lean towards selecting the first point of view.
 - Some say the second one is a “cop-out”—that there is always some waste, but that’s not the crux of the problem.

- “ *There are always ways to be more efficient, but at the end of the day there needs to be more reinvestment.*

- Some leaders believe that efficiencies may exist, but higher education is in a moment of great transformation that requires increased investment and prioritization.
 - There is a growing demand, and simply keeping finances constant and doing things differently will not increase enrollment to the growing, diverse population of qualified students that are seeking access.

- A few lean towards the second option, saying it’s hard to know if the money is used efficiently if the state doesn’t know how the current resources are allocated.

There is little surprise among key stakeholders that voters tend to agree that more efficiency is needed.

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- When leaders in the individual interviews and triads hear this, there is little surprise, as there is a common belief that some efficiencies can always be gained.
 - Many understand that voters see stories of waste, and think that people are susceptible to arguments that the government or large institutions waste money.
 - Some say as more people access the system, more see the lack of transparency.
- Voters also do not have the historical perspective to know how much funding has decreased per student over the past generation.
 - Leaders note that the public has limited knowledge about institutions' budgets.
- Many believe that higher education groups need to better communicate their budgetary challenges and the benefits they are providing the state.
 - Institutions don't share what they are doing well, such as efficiency gains, quality increases despite funding decreases, and innovative new programs and offerings.
 - Californians also are not made aware of the gains to the state from research conducted at UCs and CSUs.



It really has not been a positive sell of what UCs and CSUs are doing for the average Californian. If the only interaction the average Californian is having is their child not getting in, that's not good... and with the population growing and capacity staying the same, that's happening more.

Consistent with prior research, the engaged voters mostly choose the second point of view.

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- Nearly every single person in the Democratic group in Riverside and the Republican group in Los Angeles felt strongly that the second point of view was more accurate.
 - Most focus on the waste in the system.



I think there needs to be a full accounting and then determine what their true needs are.
– LA Republican

- However, in the Democratic group in Los Angeles, while most settled on agreeing with reforms first, many also agreed more funding is necessary.



If we need more resources fine. Let's do that. But let's examine where those resources are going before we throw money at it. – LA Democrat



First be transparent about what you're doing and then I agree we can add more money then. – LA Democrat

Key stakeholders believe funding will not be increased, while voters believe funding will at least stay stable if not increase.

- Voters tend to think higher education will receive about the same level of funding, or an increase in funding.
 - Many are unsure if higher education funding has been cut over the past few years.
 - Given the importance of higher education, and that voters across the political spectrum support it, the engaged voters think political leaders would at least keep spending levels constant.
- Among key stakeholders, there is general agreement that higher education should not expect to receive increases in funding, and will likely receive a smaller share of the overall budget pie.
 - Some laugh at the question, saying they can absolutely not expect any more funding.
- Many key stakeholders stress that funding needs to become more predictable, with some saying there should be a baseline floor beyond which funding cannot fall.
- Some feel that the public and the legislature need to better understand the benefits of increasing funding for higher education, and the trade-off of not doing so.



Voters need to see the trade-off. If they are giving higher education more, what is the trade-off? ... If we get more, what is the assurances that we are giving to the taxpayer? What are we promising? We need to give voters something tangible.

There is skepticism and opposition to eliminating tuition in four-year colleges and universities.

- With great consistency, leaders oppose eliminating tuition for the following reasons:
 - Devalues the individual incentives, as all interested parties should have “skin in the game” (a phrase repeated across interviews).
 - Could lead to worse outcomes and lower graduation rates, if students are not incentivized.
 - Their idea strikes a few as “completely impractical” (a term used repeatedly) from a budgetary perspective, with a few stating figures typically around a billion and a half dollars.
 - A few call for increases in financial aid and improved mean-tested financial aid as a better use of resources than eliminating college tuition.
- Voters quickly dismiss this idea as something that is not realistic, due to insufficient funding.
 - Republicans are more quickly opposed due to costs.
 - Democrats in Los Angeles are mostly strongly supportive, stressing the advantages particularly to students who could not attend otherwise.

There is support for reducing student debt levels, though many recognize that an education is an investment.

- Among voters and key stakeholders, there is wide agreement that too many students are taking on “too much” debt.
 - Many worry that the financial burden, and the stress that this places on students and their families, is a critical issue because it is a barrier to access.
 - The focus should not be on “zero” debt, but that level is not unreasonable.

““ *The problem is a lot of students are having a problem paying off the student loans, and finding jobs that will give them the cash flow to service that debt. – LA Republican*

- Many leaders point out that graduating with “some” student debt is acceptable.
 - Education is an investment by the student into her or his career, and the increase in earnings over a lifetime is worth this kind of investment.
 - Taking on some debt can also serve as an incentive to attain the degree.
 - As long as institutions are not hurt by reduced tuition, and the level of academic excellence can be sustained, there is support for lowering tuitions to help reduce overall debt levels.
- Some say that tuition is not the issue, but cost of living; “housing debt” is more serious than tuition debt.

Some students understand an investment in education is a step to achieve success, and many say they are getting assistance in applying.

- Many students recognize that a college education is essential to success, though few talk about “achieving their dreams.”
 - The discussion appears more practical, in students looking to ensure they have financial independence.



You can't do anything without a college degree, that's your gateway to a job. – Student



I feel like when you go to college, a bachelor's degree doesn't do you justice anymore. It's almost like an accessory, almost everyone in this era goes to college. The next step is you have to master in something you really want to do. – Student

- While some say they aren't getting any help in applications, many talk of help from specific programs, from older siblings and friends, or their parents.



I asked some senior friends, but my older siblings didn't finish high school or go to college either, so I'm the first one who's actually finishing high school. So I'm pretty much completely on my own, because I'm the youngest and they've all moved out. I have this one senior friend who got like 50 grand in scholarships, she's telling me, 'Go to this girl, she'll get you scholarships and financial aid.' – Student



My school is really college focused, at the beginning of the year we always go through A-G requirements, and there's always reminders, everywhere there's college events. Like, there's fundraisers, and food, and activities. College is like the main focus. – Student



My sister is helping me. She's 28, she went to a four-year. She went recently, so she knows the up-to-date stuff. – Student

While a step in pursuing their future, many students absolutely feel a pressure to attend college.

- Most students they feel an expectation to attend higher education, and feel pressure to take this step.
 - Many have felt they've been hearing about college since they could remember, and are unsure if they can even push back against this expectation at this point.

“ “ *I catch myself thinking a lot about college, it's a standard to live up to, is college really the only thing in life? I think it's really hard to decide what you want to do, I think there's a lot more options. – Student*

“ “ *Both my parents didn't go to college, and that's the only thing they push. Like, how they work hard, and they're 45 and 50, and they're working their ass off their whole lives, and never got a break. And if you go to college, you get that break earlier in life, and you become something more. She's a cashier at ross, she's been there since she was twenty. That's not the life she wanted to live, but that's just the life she chose, because nobody pushed her like she pushed her kids. – Student*

“ “ *My family, my grandparents didn't finish high school, so they're pushing me to go to college, I feel like it's dumb to follow a route that's always producing the same results, and we're always getting pushed. – Student*

REACTION TO SPECIFIC CHALLENGES

In the small group discussion, participants reacted to specific ideas of reforms, and also bring up the need for additional funding.

- More than others, participants are most positive on receiving a predictable level of funding.



Long-term planning and predictability would make a huge difference. Knowing what your budget was for 10 years would be massive. Right now the budgeting model is something like turn the couch upside down and see what else we can find... We don't know how much money we have until this year December. And we start in September.

- A few agree that employee benefits should not be on the list of reforms, given that “we barely make enough to live” and, for many, is the only reason they stay.
 - Others seem to recognize that employee benefit reform needs to be on the table, even while stating the reason they accept a lower salary is because of the strong benefits package.
- Some point out that transparency is important, but feel their institutions have done a lot to become more open regarding budgeting.
- A few did not understand what is meant by “aligned decision-making.”
- A few point out that an increase in funding is not included, which many view as the most important item in improving higher education.

Potential Reforms

- ✓ Transparency in budgeting
- ✓ Accountability of leadership
- ✓ Non-academic staffing (i.e., administrative staff)
- ✓ Aligned decision-making
- ✓ Predictability of funding from State
- ✓ Employee benefits
- ✓ Longer-term planning and budgeting

Reform Area: Revenue Stability and Predictability

California needs to stabilize its funding for higher education. Right now, state funding goes up in good years and is slashed in bad years, causing dramatic spikes in tuition and cuts in the number of students who can attend. This puts a terrible burden on families and makes it very hard for people in the institutions to tackle issues that take more than one year to take hold.

- Many leaders gravitate towards this item being the most important, and had talked of the importance of predictable funding prior to hearing this reform item.
 - Many talk passionately about the importance of being able to make long-term investments based on stable revenue expectations.
 - Consistent and stable investments in the system will lead to long-term improvements that cannot occur with unpredictable funding (even if the total amount is about the same).
 - Faculty, in particular, talk about the importance of stability for their own schedules.
 - Again, faculty point out the need for increases in funding, in addition to stability.
 - “ *California needs to do more than stabilize. They need to add consistently and consistently generous amounts in funding.*
- Many voters seem to understand, from their own budgeting or experiences, the challenge of long-term planning without knowing the funding.
 - A few talk about the challenge families face if tuition is fluctuating.

“ *I understand the difficulty of implementing without knowing your budget from year to year. – Riverside Democrat*

Reform Area: Budgeting Practices for Employee Benefits (Leaders – Individual Interviews)


Right now, most of the “new” money for the University of California and California State University goes to pay for unfunded liabilities in the benefits programs, and not to increasing capacity in the system. The budget process itself is part of the problem, as no one from the boards to the legislature looks at the whole picture and thinks about the tradeoffs between benefits, student access, and institutional capacity.

- Among leaders, a few see the unfunded liabilities as a disaster waiting to happen, but one that is entirely expected given the widespread awareness that contributions have been too low for years.
 - Some believe that if students understood this, there would be increased demand for addressing fixed costs and employee benefits.
- Some see the only route towards more efficiently using resources to be addressing the amount of money going to fixed costs, including employee benefits.
- There is an appreciation for the challenging politics in the legislature with contractual obligations.
 - Yet, nearly every leader states that employees will need to increase their share of costs.
 - Some express disbelief that employees and their unions do not understand the absolute need to take on a greater share of the costs.


Reform Area: Budgeting Practices for Employee Benefits (Faculty – Triads and Engaged Voters)


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- Some voters—and most Republicans—agree that employee benefits need reforming.
- Some Democrats reacted positively to this one for its attention to “student access.”

 *This will get worse unless pension system is changed. – Republican in LA*

- Among faculty, there is both significant pushback and an understanding that this issue will need to be addressed.
 - Many faculty talk openly about being underpaid but staying because of the ‘very generous’ benefits package.
 - There is significant resistance to giving up any benefits, though some are willing if salaries are increased substantially.

 *I think this is the elephant in the room, it's one of the things that we benefit from... it's a huge liability, look at any pie chart, you can see how much goes to employee benefits.*

 *I don't like the GOP language on employee benefits. In the name of using student access, they are going after already pretty low level of employee benefits.*

 *I benefit from it, so it's hard for me to get out of that bubble... but the salaries a lot of us make are not commiserate with the cost of living, so the retirement benefits are at least enough that I can leave the Bay Area and live somewhere else when I retire.*

Reform Area: Inflexible Academic Cost Structures

State universities need to do more to reallocate the money they have, to put it where will make a difference in student success. Public colleges have very little internal budget flexibility, and are locked into spending money in areas that are no longer in high demand instead of providing necessary support in areas that students need to succeed in the modern economy.

- This item resonates with key stakeholders, who feel that the level of fixed costs results in cuts to newer, often-effective programs.
- Yet, both faculty and leaders push back on moving resources out of “low-demand areas.”
 - Colleges should be about more than just the top majors, but should also focus on educational exploration. Many don't want to lose sight of the overall “learning for learning's sake” idea.
 - Many state that graduates with majors in areas like philosophy often prove to be as successful as those in other majors.

- Yet many voters agree that areas of focus should “stay current” and students should not get degrees in areas of low demand.
 - Though, in the Democratic group in LA, some pushed back saying liberal arts degrees are valuable, with one saying “there is too much trendiness and a loss of liberal arts.”
- Also, students mostly agree, talking very pragmatically of getting degrees with economic value upon graduation.



It is wrong to assume there's one type of educational path that would provide the path that students need to succeed in the future economy.

Reform Area: Accountability and Transparency

The state needs to improve its processes for accountability and transparency. Decision-making about our public universities is highly fragmented, with a variety of state government and higher education decision-makers too often talking past one another with inconsistent language or metrics. There is not a shared understanding of the problem nor how to address it.

- Considered the most important reform area by a few leaders, there is a belief that once there is a “shared understanding” of the entire financial picture, other necessary reforms can take place.
 - Without this shared understanding, there will always be pushback, as key stakeholders enter the conversation with different understandings and beliefs about how funding is being used currently.
- A few leaders view this item as empty buzzwords, saying it sounds good but has little meaning in practice.

- Many voters say this is the most important item, advocating for more accountability in the system in the initial discussion.
 - Many voters brought up the need for accountability in the broader discussion, and felt this point matched what they had requested.



We need to make sure money for education meets its intended goal / purpose. – Riverside Democrat



This is what I was talking about before. It needs to happen. Out front for everyone to see and get to the bottom of it. – LA Republican



They need to do a better job of publicizing its efforts at developing and implementing accountability. – LA Democrat

Reform Areas Summary

- Stabilizing revenues resonates with many, particularly leaders of departments and institutions.
 - The “boom and bust” cycles are challenging, as innovative programs started in times of boom are the first to be cut in times of bust, even if they are successful.
 - A few recommend moving to a two-year budget to smooth out revenues.
- Some see the only route towards more efficiently using resources to be addressing the amount of money going to fixed costs, including employee benefits.
- Some voters and leaders believe that transparency is the most important reform area, believing that transparency will lead to stabilization after stakeholders understand how institutions are budgeting.
 - Once a common understanding about finances is reached, other reform areas can be addressed, as it is difficult to reform other areas without knowing how current funding is being utilized.

- Both Republican and Democratic voters view the reform areas as moderate, and not liberal or conservative.
 - This non-ideological view of the reform areas is unusual for any topic in the current political climate.



It looks moderate. It seems like this is rational and logical. It's down the middle. – LA Democrat



Moderate leaning towards conservative. – LA Republican

LEADERSHIP

Leaders agree that there is a shared responsibility to address the financing problems.

- Most leaders say that all key groups and stakeholders have a job to help address the financing problems.
 - Leaders of institutions say they cannot address the challenges without collaboration and support from across the spectrum of stakeholders.



The stakeholders. It's on all of us. Students. Parents. Teachers. The Chancellor. Board of Directors. Elected officials. Faculty.

- A few point out the challenge of not having a dedicated source of revenue, and therefore higher education will always take a hit in times of budget crises.
- Yet, two groups stand out as being a focal point to lead the way in reform:
 - The governor and legislature: Controlling budgetary decisions and direction overall, the political leaders in Sacramento are tasked with leading the reform process.
 - Faculty: Given the unique governing structure of faculty within the UC system, a few say UC faculty need to be engaged and supportive for reform efforts to be successful, because these changes will not be considered if dictated from above.

There is skepticism that any one group can drive change; many feel an independent arbitrator such as College Futures may be necessary as a start.

In terms of the political constituencies needed to address reform, where do you see the best opportunity to drive change?

- Given the call for a collaborative approach to driving change, some feel an outside group is necessary to get the process moving.
 - A few bring up College Futures as an example of an independent group with the knowledge and with credibility to the diverse set of stakeholders as a group to start the reform process.



You have to get outside the UC and CSU bubble, and start aligning higher education with other bodies that are outside education. You need to reach out to trade unions, labor unions, and others benefiting off the public education system in California.

- A few say the governor, as the ultimate leader, needs to be out front on this issue for movement to occur.
- A few say a crisis is needed to force groups to come together in the name of reform.
 - Others say a groundswell of public opinion is needed, likely only to occur in a crisis.
 - Citizenry needs to be more educated on this topic to demand change.
- One person calls for a ballot measure, uniting voters behind a funding source tied to specific changes as a way to drive the conversation and needed reforms.

Many leaders say it is challenging to push for statewide reform when they are managing or running locally focused groups or institutions.

When you think about yourself and your organization, and allied groups, what are the barriers to taking on this issues?

- For groups that have a regional presence, pushing for statewide reform is often outside their purview or made more challenging by their regional focus.
 - There is a feeling that making an impact in this area is too difficult.
- Some say that the system is functioning, meaning there is currently not a crisis that would create a sense of urgency.
 - Other issues are more pressing.
- Some say the legislature could impede change, as in bad economic times will blame higher education for mismanagement as an excuse to fund their other priorities.
- There is a sense that political leaders are not engaged in truly understanding the benefits of the current system.
 - Many outside stakeholders stress the importance of higher education in California to our economy, drawing the best entrepreneurs and innovators.
 - Few feel our political leaders understand this.

Entrenched interests are blamed for resisting change and taking the air out of the conversation around higher education finance reform.

- With each group fighting for their interest and agenda, it is challenging to work towards consensus, particularly given:
 - There is a lack of agreed-upon data and information.
 - The public is not being well informed, and does not generate a sense of urgency that political leaders would need to hear to address this issue, with voters not caring if this gets addressed.



This is a tricky one... every group has their own little island of interest and, within that island of interest, they can resist change.

- Some say that if higher education groups just ask for more money, without adding any accountability or transparency, this would be a non-starter.
 - Recognition of challenge of academics, that there is academic freedom, but it is critical to separate this academic freedom from obtaining an understanding of the cost structure at universities.
 - Even those that strongly believe any reform process must include new revenues seem to understand leading with demands for greater funding is not productive.
- A few faculty believe out of state and international students have been unfairly scapegoated, as in many ways the tuition these students are paying allow for the access of many underrepresented Californians.

Voters focus on the governor and the legislature as being responsible for addressing these reforms.

- Voters view their elected officials as being responsible for addressing higher education reforms and the financial reforms necessary.
 - Further, even these engaged voters are unclear about the other key stakeholders, with only a few bringing up the regents or other institutional groups.



We vote for all these people. We vote for the state assembly, the governor. California, the people, we have an accountability, a responsibility in terms of things that happen. – LA Republican

- Voters also say they expect to hear candidates for governor talk about higher education during their campaign.



I'd like to hear them say they want to reform the financing. And reform the cost. – Riverside Democrat

- Yet, while an important issue, many say that want the governor to address issues they consider more critical.



It's not on the top of my list when I'm looking at voting. It's higher education, I think it's a higher level problem I guess. I think of younger kids in schools that are not getting enough money and things like that. – LA Republican



Higher education is there, but it's not one of the top priorities. – Riverside Democrat

SUMMARY

Overall Summary

- Key stakeholders in individual interviews and in the triads (small group discussions) share very consistent views.
 - Accessibility for a diverse student body is the most common positive named regarding the higher educational system.
 - Many also cite the relative affordability, the tiered structure allowing for greater opportunities for all types of students, and the strength of the research conducted throughout the system.
- The engaged voters (who are active in the community in at least a few ways) also view accessibility as a positive, but have less specific information about positives of California's UC and CSU system.
- That the higher education system can gain from increased efficiencies and cutting waste is agreed upon.
 - Voters agree with this sentiment strongly, and focus on this as a primary reform.
 - On the other hand, key stakeholders—while agreeing efficiencies can and should be sought—feel these would do little to stabilize the overall system without other reforms and/or more funding.

Overall Summary

- The reform areas receive a very positive reaction from all participants (key stakeholders and engaged voters).
 - Importantly, among voters, the messages are viewed as moderate or non-partisan, which is unusual in this current political climate.
- The sense of urgency is a striking difference between stakeholders and the engaged voters.
 - The insider audience absolutely believes this issue is of critical urgency, with a belief that without reform there will be significant decline in California's higher educational system.
 - In contrast, voters do not have a sense of urgency about higher education finance reform.
 - Voters feel the system can continue "treading water" and view other issues as more important.
- Many leaders understand that reform must be a collaborative process, bringing together all stakeholders and interested parties.
 - Many call for a neutral convener, meaning someone with independence and separate from the key stakeholders, that can jump start the process.
 - A few bring up College Futures Foundation as someone who *might* be able to play this role.

Overall Summary

- Education is not a top-of-mind concern for voters, and do not talk of higher education in California as needing urgent reforms.
 - Many other issues are considered more urgent, even though there is support for reforming higher education financing.
- Voters are not aware of the “promise” regarding higher education made to Californians, with a few asking directly what is meant by this promise.
 - Many voters say that all qualified, interested students are not able to be admitted due to capacity issues, but voters do not say that a promise has been broken.
- When discussing higher education finance reform, voters do not think about students, and rarely bring up their own kids or grandkids as being potential users (or past users) of the system.
 - The problem statements were not designed to explain the importance of higher education.
 - Future messages for the reform process with voters should include messages around why California's education system is important, what it does for all residents, and the value it's created for the state.

Overall Summary

- Both students and the engaged voters believe there is significant financial assistance for the low-income, and are not worried about the wealthy, but feel that the middle class receives no assistance.
 - Many students talked of falling in the “middle”—not poor enough to qualify for financial aid but not rich enough that their parents could pay for their education.
- The students are very aware of the challenges in gaining admission given acceptance rates (which they Google before all applications) and with affordability.
 - Students include cost of living as an important factor in their decision, and include these costs in the overall costs of attending a college or university.
- Many students speak of higher education in very practical terms and talk of making strategic decisions with their choice.
 - Many students talk of choosing a major to gain employable skills, instead of pursuing their passion in life.
 - Students speak of higher education as a business.

About David Binder Research

For over 25 years, David Binder Research has provided research and insight to political, government, and private sector clients. The organization provides its clients with a variety of qualitative and quantitative services on topics such as education, health, the environment, and labor.

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About College Futures Foundation

College Futures Foundation works with partners throughout California to increase bachelor's degree attainment among low-income students and others who are underrepresented in higher education. The Foundation operates on the belief that every qualified student in California should have the opportunity to succeed in college and it recognizes that creating a vibrant future for our state requires awarding more bachelor's degrees to broader populations of students. Established in 2005 as a private foundation, College Futures supports work in three areas: improving student transitions toward degree completion; developing and strengthening partnerships across institutions, systems, and regions to drive increases in bachelor's degree attainment; and reducing gaps between policy and practice to advance student access to and success in college.

Visit us online at www.collegefutures.org

About the Higher Education Finance Reform Initiative

Hundreds of thousands of our students who would benefit from a bachelor's degree are being left out because the system for financing our public universities in California isn't working. College Futures Foundation began examining the issue of higher education finance reform because we could not ignore what has become a major obstacle in the path to success for this and future generations of California students, for our higher education institutions, and for its own work. The Foundation believes that addressing this challenge will be difficult, but it is possible—and that we must start by building a shared understanding between public policymakers and higher education leaders of the problem as well as practical ways to solve it.

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