

Strategic Issues:

- In 1995 the Board of Regents of the University of California system prohibited racial or gender preferences in admission.
- In 1996 Proposition 209 amended the state constitution to prohibit any state institution or agency from using racial or gender preferences in their hiring and promotion procedures.
- In 1996 the Chronicle Almanac reported that California postsecondary institutions educate one-eighth of all college students in the nation.
- The 1998 report of the California Citizens Commission on Higher Education predicted a 30% increase in enrollment during the new decade following the 1990s.
- In 1999, the Board of Regents with the encouragement of Governor Gray Davis implemented an admissions policy that would admit the top 4% of every high school graduating class.
- The state budget, signed into law July 2001, included \$152 million additional funds for the University of California System, \$220 million additional funds for the Cal State System, and \$229 million for community colleges. It also provided \$128 million additional funds for need-based aid.

Summary

- *Decline in Access:* California maintained high school graduation rates that were comparable to the national rates in the 1990s, but college enrollment rates declined substantially in relation to the national rates over the latter years of the decade. Improving college enrollment rates for high school graduates is a critical challenge.
- *System Issues:* California was one of only three states that maintained adequate investments in need-based grant aid, given tuition charges, to ensure opportunity for college-prepared low-income students. In the 1990s, however, California maintained low tuition at the cost of expanding the public system or encouraging growth of private colleges through need-based grants.
- *Opportunity:* Restructuring of public financing strategies is necessary to provide incentives for both public and private colleges to increase enrollment opportunities. More investment in grants would be appropriate, coupled with efforts to expand supply in the system by shifting toward a high tuition, high grant system of public finance.

Access Indicators*High School Graduation Rates* (Table 5.1)

The public high school graduation rates declined during the first six years of the decade from 69% in 1992 to 65% in 1996. They increased for the remainder of the decade, reaching 69% in 2000. California exceeded the national average rate for public high school graduation in 2000 for the first time in the decade. During the previous eight years, California lagged from half of a percentage point to four percentage points behind the national average.

College Enrollment Rates (Table 5.1)

College enrollment rates fluctuated significantly throughout the decade. The rates increased from 51% in 1992 to 66% in 1996, but ultimately declined to 48% in 2000. The decline was so steep that California went from exceeding the national average by eight percentage points in 1996 to falling nine percentage points below it in 2000.

State Demographics (Table 5.2)

State poverty rates decreased throughout the decade from 16% in 1992 to 13% in 2000. When compared to the national averages, the state poverty rates were at least two percentage points higher than the national average throughout the decade. Hispanics were the largest minority group in the state at 32%, and African-Americans made up 8% of the state's population. Other Minorities, which includes Native Americans and Asian-Americans, was the second largest minority group at 13% in 2000. The percentage of Californians who possess at least a bachelor's degree increased throughout the decade. In 1992, 25% of state residents had a four-year degree, but by 2000, the figure had risen to 28%. When compared to the rest of the country, California had a higher percentage of college graduates than the national average. As of 2000, the state exceeded the national average by three percentage points.

System Composition (Table 5.3)

Unlike most states, a near majority of California residents, 49%, chose two-year institutions as a means to acquire their postsecondary education while 32% attended public four-year institutions in 2000. The remaining 20% enrolled in private institutions in the same year. Although the percentages fluctuated throughout the decade, there was no apparent pattern or trend.

Financial Indicators

Financial Capacity (Table 5.4)

Tax rates in the state increased throughout the decade from 7% in 1992 to 8% in 2000. When compared with the national average, the state's tax rates were higher by at least a half a percentage point throughout the decade. The state finished the decade two percentage points higher than the national average. State expenditures per student on K-12 education rose from \$3,375 in 1992 to \$3,947 in 2000, but remained below the national average.

Educational Revenue (Table 5.5)

Appropriations from state and local governments to the public system declined slightly over the first half of the decade, but rose over the latter half. In 1992, state and local governments appropriated \$7,262 to the public system, and this amount rose to \$8,191 by 2000. When compared to the rest of the nation, California appropriated more funding per student to the public system than the national average throughout the decade. During the 1990s, state and local appropriations exceeded the national average by \$487 to \$903.

Tuition and Fees (Table 5.6)

Tuition and fees in California increased from \$1,197 in 1992 to \$1,658 in 1994. However, after 1994 tuition and fees declined steadily for the remainder of the decade, settling lower than at the start of the decade. In 1992, tuition and fees in California were \$1,135 less than the national average, and this differential increased to \$1,614 in 2000.

Need-based Grants (Table 5.6)

Need-based grants increased for the first eight years of the decade from \$289 per student in 1992 to \$438 in 1998, although there was a decrease to \$396 in 2000. The state went from falling short of the national average for the first six years of the decade to exceeding it for the

remaining four years. In 1992, the average need-based grant was \$55 below the national average, but by 2000 the average need-based grant exceeded the national average by \$29.

Non-need Grants (Table 5.6)

There were no measurable state-funded non-need based aid programs in California during the 1990s.

Projections

Coordinated System of Grants (Table 5.7)

California was one of few states that met the equity standard of average aid per student equal to one-quarter of tuition.

Federal Grant Program Prospectus (Table 5.7)

Had the federal government provided incentives for California to implement a second tier grant equaling one-quarter of the tuition on top of current state aid, 4,600 more high school students would have graduated, an increase of one percentage point. An increase in the college continuation rate of 14,400 new students (four percentage points) would have enrolled in postsecondary institutions as a result of these program changes.