

Background: The Economic Case for Investment in the California Community Colleges

California has long been one of the wealthiest and best-educated states in the nation. The state has invested in building a world-renowned system of public higher education, which in turn has spawned a vibrant business sector. Due largely to this investment in higher education, California holds claim to being the eighth largest economy in the world and has been a key contributor to growth in the global economy through innovations in areas such as information technology, aerospace, and agriculture.¹

However, California's position as a world economic leader is threatened. California's per capita income has fallen from 25 percent above the national average in 1960 to just 6 percent above the national average today.² This decline is being driven largely by two powerful trends—the world economy's increasing reliance on educated, highly skilled workers and California's lagging levels of educational achievement. According to the National Center for Public Policy and Higher Education, if California's educational attainment trends continue, the average per capita income of California residents is projected to decline by 11 percent over the next two decades—the largest projected decline in the country.³

Long gone are the days when a high school diploma was sufficient to secure a high-wage job. In today's economy, such jobs require education and training beyond high school. Unfortunately, just as advanced education and training have become more important in the workplace, California's level of educational attainment has declined. In 1960, California was 25 percent above the national average in producing high school graduates; now we are five percent below the national average.⁴ With less than 44 percent of our students proceeding directly from high school to college, California ranks 47th in the nation in this measure.⁵ Since 1960, the proportion of the state's population with a four-year degree dropped from 25 percent above the national average to just 10 percent above the national average today.⁶ Out of every 100 students entering ninth grade, only 19 will ever earn an associate's or bachelor's degree.⁷ Taken together, these statistics send an undeniable message: we are losing too many students along the educational pipeline at a time when our state desperately needs more skilled and educated workers.

¹ California Business Round Table and Campaign for College Opportunity, *Keeping California's Edge*, April 2006.

² Campaign for College Opportunity, *Return on Investment*, November 2005.

³ National Center for Public Policy and Higher Education, *Projected Drop in California Most Severe in U.S.*, November 2005.

⁴ Campaign for College Opportunity, *Return on Investment*, November 2005.

⁵ The National Center for Higher Education Management Systems, <http://www.higheredinfo.org/dbrowser/index.php?submeasure=63&year=2004&level=nation&mode=graph&state=0>, 2007.

⁶ Campaign for College Opportunity, *Return on Investment*, November 2005.

⁷ National Center for Public Policy and Higher Education, *The Educational Pipeline: Big Investment, Big Return*, April 2004.

California's business sector is deeply concerned about these education trends. In a 2006 survey conducted by the California Manufacturing and Technology Association, respondents identified the single most important business challenge they face in California as "sustaining and/or acquiring a skilled workforce." This concern ranked higher than workers' compensation costs, energy costs, or taxes.⁸ California business groups including CalChamber, the California Manufacturers and Technology Association, the California Business Roundtable, and California Business for Educational Excellence have made improving the state's educational outcomes a top priority in their legislative and policy agendas.

If California fails to make significant gains in educational attainment, the economic and social implications will be devastating. In recent years, California employers have increasingly met their need for highly skilled workers by importing workers from other countries. Research indicates, however, that this recruitment strategy is costly and not sustainable in the long run.^{9 10} It is only through significantly improving education and training outcomes for our own residents that we will be able to meet the economy's workforce needs. If California fails to rise to this challenge, more employers will leave the state seeking better labor pools. Clearly, such an exodus would undermine economic opportunity for Californians and diminish our ability to maintain our role as an economic world leader.

The California Community Colleges (CCC) are uniquely positioned to help the state address this looming social and economic crisis. The CCCs have a proven track record of delivering education and training:

- More than 70 percent of California's higher education students are enrolled in a CCC.¹¹
- Fifty-five percent of all graduates of the California State University and 30 percent of graduates of the University of California transferred from a CCC.¹²
- On average, students completing a degree or certificate at a CCC nearly double their earnings within three years.¹³
- Approximately 70 percent of all new nurses trained in California are trained at a CCC.¹⁴

⁸ California Workforce Investment Board, downloaded from http://www.calwia.org/doc_files/cmta%20survey%20report%20jeb.pdf

⁹ California Postsecondary Education Commission, *Public Higher Education Performance Accountability Report*, June 2007.

¹⁰ Public Policy Institute of California, *Can California Import Enough College Graduates to Meet Workforce Needs?*, May 2007.

¹¹ 2010 Focus on Results, Accountability Reporting in the California Community Colleges, Chancellor's Office, California Community Colleges, Sacramento http://www.cccco.edu/divisions/tris/rp/ab_1417/ARCC_Report_2010.pdf

¹² *ibid.*

¹³ *ibid.*

The CCCs are the world's largest system of higher education. With 112 colleges throughout the state, the CCCs provide education and training to over 2.75 million students each year. The community college system's size and geographic distribution make it the only segment of higher education capable of delivering education and workforce training on the scale that is necessary to meeting California's tremendous workforce needs.

Current Status of the California Community Colleges: An Era of Rationing

As a result of California's economic crisis, the community colleges suffered significant cuts of almost 8 percent in the 2009-10 state budget, including a \$313 million reduction in student support programs and a \$190 million reduction in general apportionment. Compounding this cut, the colleges have faced three consecutive years of increases in costs for utilities, healthcare, and insurance premiums, and other obligations, with no additional funding from the state. With budgets spread thin, the colleges have had to cut spending by reducing the number of adjunct faculty and the number of course sections offered.

These cuts came at the worst possible time, as community colleges faced unprecedented enrollment demand due to persistent statewide unemployment over 12 percent, the largest high school graduating class in state history, students being displaced from UC and CSU due to budget cuts, and veterans returning from Iraq and Afghanistan. As a result, many students attempting to enroll in a community college in found either overcrowded classrooms or no classes available at all. In 2009-10 we estimate that 140,000 students were turned away because classes were fully enrolled, including many recent high school graduates and unemployed individuals seeking retraining.

As community college districts have cut course sections, they have done their best to protect course offerings in workforce training, transfer, and basic skills. We consider these three instructional areas to be our core mission. Other courses such as aerobics for seniors and parenting classes, while also valuable to our society, cannot compete with the need to help Californians progress toward their academic and career goals. These are the priorities the community colleges are using to make the tough choices brought on by California's fiscal crisis.

Current Community College Reform Initiatives

There is the old saying that a crisis is a terrible thing to waste. The California Community Colleges are leveraging the current crisis to engage in numerous reform efforts to improve the efficiency and effectiveness of our system.

- **Student Success Task Force.** On September 28, 2010, Senate Bill 1143 (Liu) was chaptered into law. This legislation calls on the Board of Governors to establish a task force to examine best practices for promoting student success and adopt a plan for

¹⁴ Data obtained from California Board of Registered Nursing, 2005-2006 Annual School Report.

improving student success within the California Community Colleges. This legislation launches a new examination of student success in the California Community Colleges.

The bill requires the Board of Governors to do the following:

- Adopt a plan for promoting and improving student success within the California Community Colleges.
- Establish a Student Success Task Force to examine best practices within the community colleges and effective models throughout the nation for accomplishing student success.
 - The members of the task force shall include a broad representation of stakeholders, including, but not limited to, faculty.
 - The task force shall develop and present recommendations to the board for incorporation into the plan to improve student success and completion within the California Community Colleges.
 - These recommendations shall focus on, but not be limited to, all of the following considerations:
 - (1) Multiple measures and effective programs for assessing student success and completion, including, but not limited to, attaining college-level skills, accumulating college-level course credits, earning a degree or certificate, and transferring to a four-year college or university.
 - (2) Statutory and regulatory barriers to student success and completion.
 - (3) Best practices for promoting student success and completion, including, but not limited to, the acquisition of basic skills.
 - (4) Alternative funding options for providing necessary services to students and promoting best practices for student success and completion.
 - (5) Alternative funding options instituted in other states for improving student success and completion.
 - (6) The effective use of technology by community colleges and districts to promote, evaluate, and improve student success and completion.

- Prior to implementing the plan, the Board shall report the contents of the plan, and the recommendations of the task force, to the Senate Committee on Education and the Assembly Committee on Higher Education at a joint hearing that shall be convened on or before March 1, 2012.
- The Student Success Task Force is comprised of 21 members representing both community college stakeholders as well as external stakeholders. The Task Force has met twice, once in January and once in February. We are optimistic that the Task Force will provide a concrete plan that will be implemented to make significant improvements in community college retention and completion rates.
- ***CCC-CSU Transfer Guarantee (Senate Bill 1440)***. This initiative, which is currently being implemented by CCC and CSU, will simplify the transfer process between the two systems, allowing students to transfer more easily and quickly with fewer excess units. Specifically, the statute establishes a transfer associate degree for those students who have completed 60 transferrable units that include general education and major preparation courses. Community college students that obtain the associate degree designated for transfer will be admitted to the CSU with junior standing.

According to a report from the California Legislative Analyst's Office, community college students transferring to a California State University graduated with an average of 162 units when the minimum requirement is 120 units. A recent study by the California Community Colleges Chancellor's Office finds roughly 50,000 community college students transfer annually to the California State University system. They do so with an average of 80 semester units when only 60 semester units are required. Similarly, when these students arrive at the California State University, they take excess units to make up for courses that did not transfer from their community college.

It is estimated that, when fully implemented, the transfer guarantee initiative will increase efficiency by reducing excess units and result in approximately \$160 million annually in cost savings. The savings will be used to provide access to roughly 40,000 additional community college students and nearly 14,000 California State University students each year.