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Higher Education Enrollment

LEGISLATIVE ANALYST'S OFFICE

Presented To:
Assembly Budget Subcommittee No. 2

April 14, 2004

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Governor's Enrollment Proposals

☑ Reduce Funded Enrollment at UC and CSU

- Pursuant to legislative intent expressed in the 2003-04 budget package, the Governor's budget proposal includes no new funding for enrollment growth at the University of California (UC) and the California State University (CSU).
- In fact, the budget proposes reducing freshman enrollment at UC and CSU by 10 percent (7,000 full-time equivalent [FTE] students) with the forgone enrollment redirected to the California Community Colleges (CCC) under a new dual admissions program. As an incentive to encourage participation, the administration proposes waiving the community college fees of participating students.

☑ Increase Funded Enrollment at CCC

- In contrast to the Governor's proposal for the public universities, the budget increases funded enrollment at CCC by approximately 3 percent (35,020 additional FTE students), which is considerably higher than the statutory growth rate of 1.8 percent. This increase is partly in recognition of the enrollment that is expected to be diverted from UC and CSU to the community colleges.
- When enrollment proposals for all three segments are combined, the Governor's budget funds a net *increase* of about 28,000 FTE students.

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Chronology of 2003-04 Budget Actions Concerning UC and CSU Enrollment Growth

☑ ***January 2003.*** The Governor proposed a General Fund augmentation of about $268 million for 6.9 percent enrollment growth at UC (13,000 FTE students) and 7.1 percent growth at CSU (22,881 FTE students).

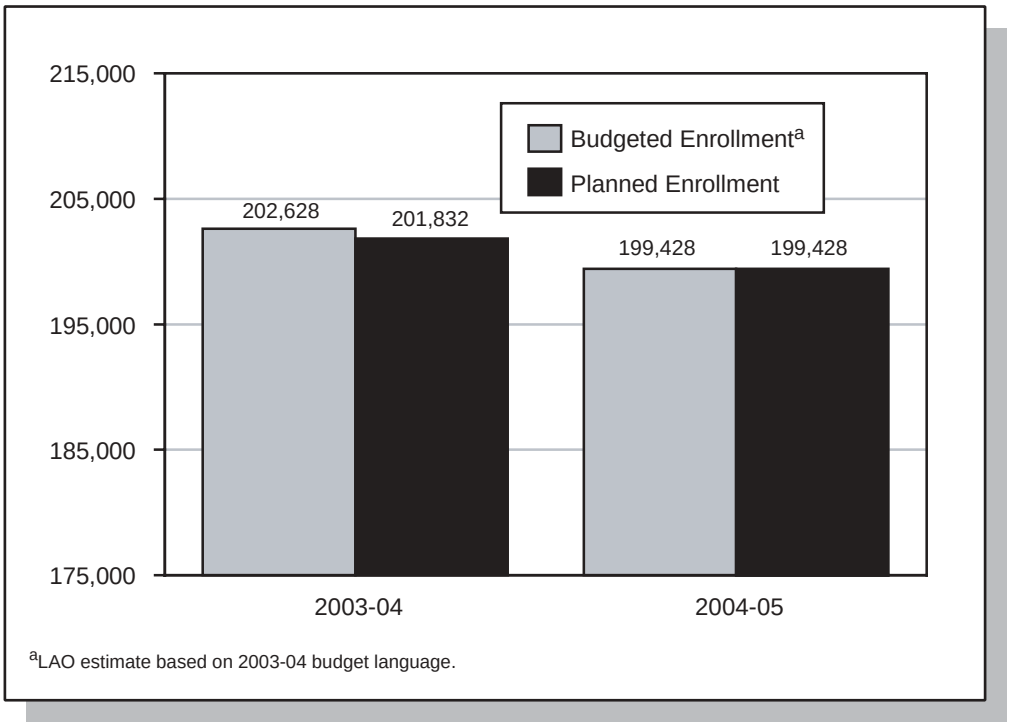
☑ ***February 2003.*** The Legislative Analyst's Office recommended instead providing funding for enrollment growth at a rate of 4 percent. This would cost about $115 million less than the Governor's proposal—$49 million less for UC and $66 million less for CSU.

☑ ***May 2003.*** The Senate approved enrollment growth of 4 percent at UC and CSU. The Assembly approved the Governor's original request for roughly 7 percent growth.

☑ ***July 2003.*** The Budget Conference Committee adopted the Assembly version with regard to enrollment funding and related budget bill language specifying enrollment growth rates of 6.9 percent at UC and 7.1 percent at CSU.

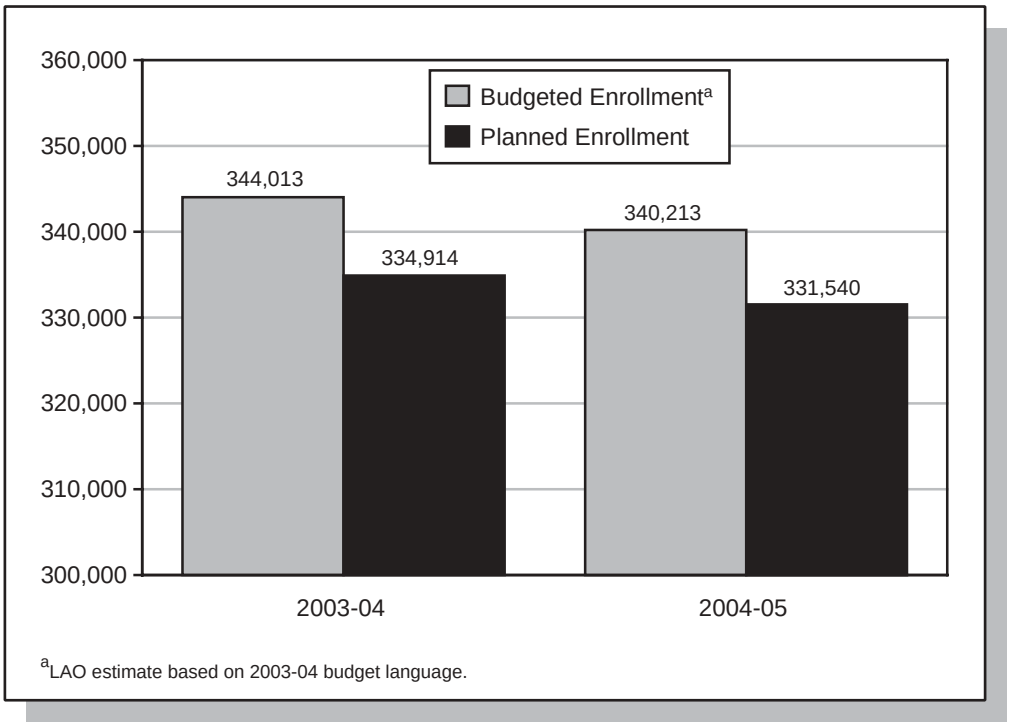
UC Enrolling Fewer Students Than Budgeted

2003-04 and 2004-05
(Full-Time Equivalent Students)



CSU Plans to Enroll Fewer Students Than Budgeted

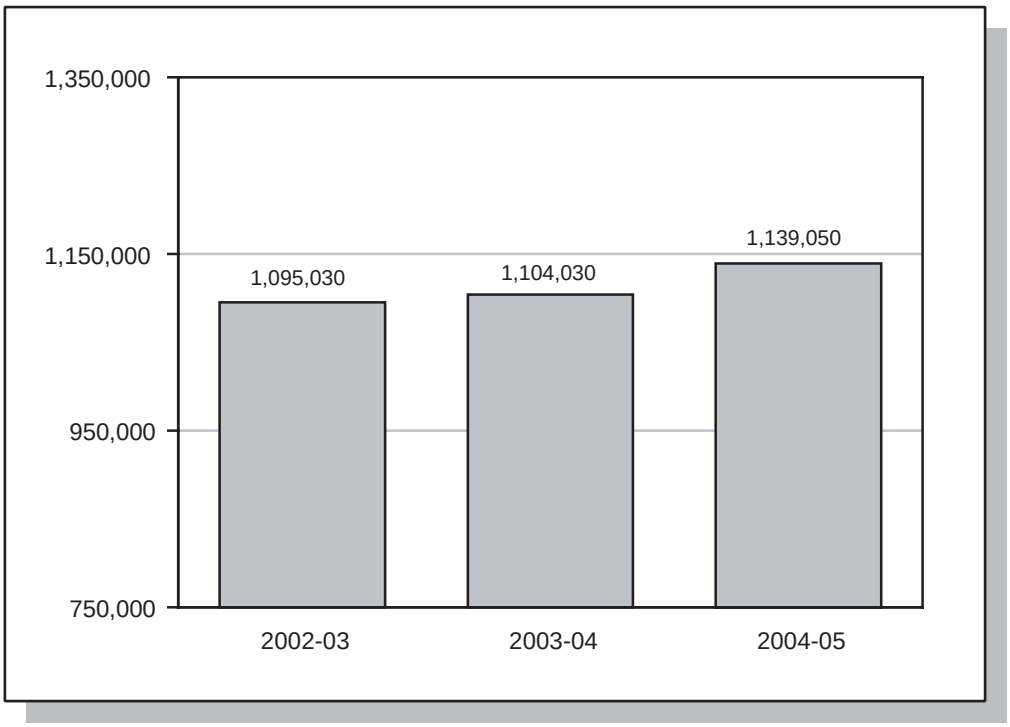
2003-04 and 2004-05 (Full-Time Equivalent Students)



[a]LAO estimate based on 2003-04 budget language.

CCC Funded Enrollment to Steadily Increase

2002-03 Through 2004-05
(Full-Time Equivalent Students)



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Issues for Legislative Consideration

☑ Universities Not Using All Enrollment Funding in Current Year

- For 2003-04, UC and CSU are enrolling *fewer* students that they are funded to serve.
- Essentially, the segments chose to redirect some enrollment growth funding away from serving additional students to "backfill" budget reductions in other program areas.

☑ CSU Would Enroll Fewer Students Than Would Be Funded in Governor's Budget

- According to the administration, CSU would enroll about 8,700 *fewer* FTE students than it would be funded to serve in 2004-05.
- The Legislature could either (1) express its intent that CSU serve the total number of students funded in the Governor's budget or (2) reduce CSU's enrollment funding by about $58 million to more closely align available enrollment funding with the university's planned enrollment level for 2004-05.

☑ Governor's Community College Redirection Proposal Should Be Modified

- We believe that eligible freshmen should be redirected from UC and CSU to the community colleges on a *voluntary* basis.
- We recommend the Legislature reject the Governor's proposal to waive community college fees for redirected students. We believe a better incentive to encourage students to attend a community college is to guarantee admission to their first-choice UC or CSU campus after successfully completing two years at a community college.