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See Reverse for a new report: California at the Edge of a Cliff
THE MISSION & PURPOSE
OF THE CALIFORNIA FACULTY ASSOCIATION

The California Faculty Association is the exclusive collective bargaining representative for the California State University faculty, including tenure-track faculty, lecturers, librarians, counselors and coaches.

According to the CFA Bylaws, last revised October 2003...

The CFA is established to:

- Strengthen the cause of higher education for the public good;
- Promote and maintain the standards and ideals of the profession;
- Provide a democratic voice for academic employees;
- Provide legislative advocacy;
- Maintain collective bargaining agreements covering salaries, working conditions, and other items and conditions of employment.

These agreements shall seek to:

a. Obtain explicit guarantees of academic freedom, tenure, and academic due process;

b. Create orderly and clear procedures for prompt consideration of problems and grievances;

c. Promote and protect the professional and economic interests of CFA and all bargaining unit members and,

d. Promote unity among academic employees and thereby enhance the effectiveness of the CFA in representing these employees.
No sugar coating a dire future

CFA argues: the CSU must be preserved, and its faculty must be supported

By Irv Muchnick
Contributing Editor

Let’s suppose you’re a student hoping to train in one of the professions—let’s say nursing, in which study after study shows the state of California to have a serious shortage. Let’s further suppose you choose to enroll in one of the California State University campuses, which historically has been the pipeline for a majority of our nurses.

Mr. or Ms. Future Nurse, meet Gary Ivey.

Ivey is an equipment technician at CSU Bakersfield—or, at least, he used to be. He recently got laid off because of cuts in state support for the CSU that are on the verge of leaving one of the national jewels of public education, and one of the engines of the California economy, permanently, tragically emaciated.

Once upon a time, Ivey was employed repairing scientific equipment for laboratory classes.

“Because of deep budget cuts in new and replacement scientific equipment at our campus,” he said in a testimonial for CFA’s Cuts Have Consequences campaign, “there is no longer a need for me to unpack new scientific equipment and show the faculty how to use it.”

Ivey continued: “These cuts mean that students do not have access to current scientific equipment for science lab classes. Even the microscopes

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are old. This is especially a problem for students trying to become nurses.

“There is not enough space so lab classes are crowded and there is not enough equipment to go around for all the students.

“California needs more scientists and nurses and other health professionals who are well trained and up to date. Cutting back in the sciences is bad for our students, bad for Bakersfield where I live, and bad for California.”

Now combine nursing with teaching, electrical engineering, and the dozens of other bedrock disciplines the CSU nurtures like no other institution, and you get a sense of how these programs are not suffering in isolation. Investing in them is a building block for climbing out of today’s deep statewide and national deficit of human capital.

Education policy analyst Tom Mortenson articulates these connections in a sobering report commissioned by CFA, California at the Edge of a Cliff, which is reproduced in full in this issue of the magazine. The same ideas for rebuilding public infrastructure, both physical and intellectual, also underpinned Barack Obama’s Inaugural Address and the opening initiatives of his presidency.

But while the headlines in Washington tell of policies to help dig the United States out of its deepest economic hole since the Great Depression, the headlines in Sacramento told only of the continuing dysfunction of Gov. Arnold Schwarzenegger’s efforts with the legislature to hammer out a new budget for California, even after failing to come up with an old.

Like the state budget agony, the contract reopener talks between CFA and the CSU administration were a work in progress as this issue of the magazine went to press. Faculty are encouraged to follow developments at www.calfac.org and by subscribing to the emailed CFA Headlines.

Meanwhile, the CFA Bargaining Team headed by John Travis was meeting its latest challenge with both determination and perspective.

“Through many years of lean times, this institution’s professors, lecturers, librarians, counselors and coaches have put their shoulders to the task of keeping a great university functioning at a high level — just as students have borne the unconscionable burden of escalating fees and reduced class units,” Travis said.

He added that while the faculty did receive the negotiated General Salary Increases and Service Salary Increases through the end of the 2007/08 academic year, CFA is now fighting hard to maintain what we can of the pay increases specified in the faculty’s contract for the current 2008/09 academic year.

Beyond these critical elements for the baseline standard of living of the CSU faculty are fundamental questions about the future of our state. That is why the union is also broadcasting the powerful voices of “Cuts Have Consequences,” who encompass every constituency of the CSU and resonate in every discussion of a meaningful vision for California in the 21st century.

A testimonial by CSU Dominguez Hills undergraduate Christian Morales tells of a pre-calculus class with 60 students, making “the quality of education … very poor. There weren’t many classes offered for that course and it makes it hard for students to be able to pay attention to what is going on in the classroom…. It’s very hard for the students to understand anything because the class is full and those who sit in the back can’t hear the instructor.”

Then there is financial aid — to be precise, the paucity of it. Morales was supposed to receive his in Sep-
Opportunity in turbulent times
Faculty leadership in the university is crucial to see the university through

By Lillian Taiz
CFA President
History, Los Angeles

Dear Colleagues,

We seem to be living in the best of times and the worst of times.

Those who watched the presidential inauguration on Jan. 20, witnessed the sheer joy and hope for the future it represented written on every face. The long winter appears to be entering a thaw.

Sadly, at a time when there seems to be so much hope, the state and national economies are imploding. We have seen nothing like this since the Great Depression.

Businesses are closing. Homes are being foreclosed. Unemployment and underemployment are growing at an alarming rate. Indeed, the Sacramento Bee reported in January a California unemployment rate of 9.3%.

This environment has created uncertainties for each of us and for our union. How deep will the “recession” be? How long will it last? How much federal help might the states actually receive?

As for the federal dollars for California, how might they affect what is available for the CSU budget and how do we ensure that the CSU is not left out? When will the state budgets finally be settled for 2008/09 and 2009/10, and what’s in them for the CSU?

Each of these unknowns directly affects our ability to bargain raises for the faculty, to protect classes for students and jobs for our colleagues, to offer quality instruction, and, ultimately, to maintain any semblance of the promise of access and affordability that California has, for nearly 50 years, made to its people.

These uncertainties make our work this spring much more complex and difficult to navigate than the challenges we’ve faced in the past.

More complex than before

Given this context, there are some general principles that must guide us in how to use our limited time and resources to best serve the faculty, our students, the CSU, our state and our nation.

First, it is critical that we continue to educate the public and elected leaders about the social and economic value of the CSU and about the consequences for the state if the CSU is not adequately funded.

The ideas behind our slogans, “The CSU is the Solution” and “Cuts Have Consequences,” must stay in the news.

We will need to create newsworthy activities on campus and at the statewide level to provide the images that show Californians what is happening to our state universities.

Although we may feel that we have “been there, done that” and that surely people must “get it” by now, the truth is, as every advocate knows, the only way to get our ideas firmly across is to repeat our message over and over—albeit in new and inventive ways.

We must constantly refresh our thinking and be on the lookout for new and creative ways to educate the public about the social and economic value of the CSU.

We need to be clear—there is simply no shortcut or quick way to change the political mind set about public higher education that has driven us to this point.

CSU vulnerable for years

For decades, the CSU’s leaders have made do with inadequate funding leaving the CSU still more vulnerable in bad times. Even those in the public who love the CSU tend to take for granted that it will always be there to serve everyone who needs it.

As the report California at the Edge of a Cliff, which is reprinted in this magazine shows, that is simply not true.

We can only make progress through a broad and sustained outreach to the public with a level of repetition that may drive us crazy at times but that is critical for helping the idea take root in the real world.

If we fail to press forward with our message, we cannot win in the long run. Funding problems for the CSU preceded this recession and they will not end when it is resolved.

The only way to change the outcome is to change public and political perception about the need to adequately fund public higher education—in bad times and good.

This means we must do more things like the California at the Edge report and the whirlwind media tour associated with its release. With that project, we created interest and developed valuable relationships for the future. We met with key policy groups like the Public Policy...
Institute and generated considerable media attention, including an excellent Sacramento Bee editorial.

At the campus level, we will need more activities like the fax campaign now underway.

These activities serve multiple purposes and are a smart use of our resources. They keep the pressure on elected officials, they educate and activate our own CSU communities, and they get the public’s attention.

The leadership gap

In addition to getting our message out, we must address the “leadership gap” in California and within the CSU that becomes more obvious and more consequential every day.

We must keep up pressure on elected officials in state government to “do the right thing” for the state and the CSU in making budget decisions.

CFA continues to organize Lobby Days to reach out to members of state government. Traditional lobbying, although repetitive, boring and, at times disappointing, still provides the opportunity to make face-to-face contact with legislators and build relationships.

To those of you who have participated in past lobbying efforts, I say we need you back. Keep up the contact even though you have been rebuffed in the past. To all faculty members, I urge you to take the time to join a lobby effort. The CSU is at stake; we must make the time.

On some campuses and with some elected leaders, we will try a different approach this spring. Yes, we may need demonstrations in front of the offices of unsupportive legislators in other districts. Somehow, we must get their attention.

Key opponents of the CSU may need to learn that the consequences of cuts can be a double-edged sword—there are consequences for students, faculty, and staff but also for politicians who fail to support the CSU.

Stronger, more visible leaders

We have also seen failed leadership closer to home. It is time to hold the CSU Administration accountable publicly for their actions and for the priorities they set for our system. The CSU deserves and requires stronger and more visible leadership from the Board of Trustees, the Chancellor, and the campus Presidents.

The Alliance for the CSU gave them an opportunity to do the right thing as leaders. Some have stepped up, and done great work. But, the faculty, staff and students are doing most of the work, while the administration in most corners contents itself with dispensing pats on the back for our efforts. This is simply not good enough.

The Chancellor, in particular, is responsible for wise use of resources and for charting the system’s priorities. We all are weary of hearing explanations at the bargaining table and elsewhere about “competing demands” for funds and “other priorities” that are clearly more important to the Chancellor’s Office than the faculty in the classroom.

New laws needed

The CSU management has implemented a draconian program of slashing courses, laying off instructors and staff, cramming too many students into too few classrooms, and making it harder for students to get into and stay in the university.

Since resources are not being husbanded to meet the needs of faculty, students or staff, we are left to wonder which competing demand is actually getting attention.

As a result, CFA’s Political Action/Legislation Committee will introduce legislative proposals this year to make the CSU administration’s use of resources, budget, and expenditures transparent. These proposals will surely be opposed by the Chancellor, but they are sorely needed to allow public discussion about priorities and meaningful accountability in the CSU.

When you hear that money is not available for classes and that Lecturers have been let go, I urge you to look around your campus at how the campus president chooses to spend money. Make every effort to shine a bright light on it.

We face seriously difficult times. We, the faculty, will have to play our roles, both individually in our departments and classrooms, and as an organization, to help our great university get through them.

Without leadership, hard times like these can breed frustration and anger. There is certainly cause for both, students do not get classes or financial aid and faculty and staff do not get their negotiated pay raises while their workloads mushroom or their work disappears altogether.

But if we listen to one another, work together, and direct our anger toward constructive action on behalf of the CSU and of public higher education — all the while maintaining the mutual solidarity that has been the bedrock of every victory — we can provide leadership to get us all and our university through the difficult coming months.
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tember, but it didn’t come through until November, well past when he was supposed to buy books, pay parking fees, and meet the latest general fee increases (up 10% for undergraduates).

CFA President Lillian Taiz travels continuously throughout the CSU’s 23 campuses, advocating for its real and urgent needs. She is asked repeatedly: Do you understand the depth of the state budget crisis? And in light of that, can you still make your case forcefully?

“The answer to the first question is yes,” Taiz said. “The economic downturn of our state and our nation is no illusion. It is actual and historic.

“The answer to the second question is an equally emphatic yes. Yes—now more than ever. It’s the job of CFA, both our rank-and-file and our leadership, to bring home to our fellow citizens the dimensions of this tragedy and long-term consequences it will create.

“The CSU is the solution. That is the message of our statewide Alliance. As we collectively figure out how to restart California’s economy and keep our state viable and effective in the global marketplace of the 21st century, this is no time to be cutting back on the quality, affordable, accessible public higher education that is its bedrock.”

Taiz termed it a two-front fight: on one, fighting in the larger public arena for basic educational funding; on the second, fighting the bad effects of those cuts—frozen salaries, deteriorating working conditions, dilution of faculty rights—at the bargaining table.

Evidence of misery

The “Cuts Have Consequences” stories of students, staff, faculty and their families reflect cold current stats.

After cutting $215 million from state support promised to the CSU in the 2008/09 state budget that was adopted last September, Schwarzenegger asked the CSU (and the Chancellor agreed) to voluntarily cut its budget by $31.3 million just a month later. Shortly thereafter, the governor proposed yet another mid-year cut of $66 million.

The ongoing argument at the Capitol over the current year state budget, while the state’s deficit soars by billions, could result in further cuts.

Meanwhile, California was nearing a cash-flow crisis that would mean the state could not pay all its bills. State officials began issuing IOUs for a long list of items, including Cal Grant awards to about 54,000 low-income CSU students.

And the debate is underway over the next fiscal year budget, which is supposed to be in place by July of this year, replete with talk of yet more cuts.

The university already turned away around 10,000 eligible students for the current school year which began last August. With no end in sight to the ever-growing budget crisis, the CSU Trustees stepped up measures to restrict enrollment in the 2009/10 academic year, in effect shutting out thousands more.

The CSU Trustees followed up the mid-year budget reduction by prematurely closing enrollment for September 2009—in effect, shutting out thousands more.

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The grim cash-flow analyses also ground new construction to a halt. Lawsuits over non-payment to contractors of half-completed construction already have accelerated. Accounts receivables, now being immediately tapped, no longer sit in interest-bearing accounts that, themselves, used to generate annual income in the tens of millions.

And Christian Morales’ painful anecdotal evidence about student financial aid got broader and worse with the governor’s first budget proposals for the 2009/10 fiscal year, which were announced in January. The Cal Grants program, underwriting student financial aid, faced a decrease of $87.5 million.

As you read this issue of California Faculty magazine, tens of thousands of CSU students, plus students at other higher education institutions in the state, are without the Cal Grant money that was to be awarded to them for the current year. The number who will drop out of college is unknown.

For next year, the effect will be to freeze income ceilings for grant recipients, reduce maximum awards, and eliminate the entire Competitive Cal Grant program by cutting off funding for all new awards (which alone will impact the CSU to the tune of an estimated $7.3 million). Meantime, student fees are certain to be raised again, probably by another 10 percent or more.

Overall, with the state running a deficit of at least $42 billion, and the CSU running some tens of millions in the red, the pressure is on the CSU administration to slash instruction and give up funding in return for the governor’s vague promises of relief at some point in the future.

That is, if the state can afford it.

Andy Merrifield, Sonoma chapter president (and statewide associate vice president-North), said, “The anecdotes are piling up at virtually every campus about the bad effects of lecturer layoffs and concomitant class size increases for the remaining faculty.

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students. (Upper division and graduate course caps have also risen.) Suffice it to say that the quality of attention given to each individual student has fallen rather dramatically over the last few semesters.

Rachel Hassna
Student, Monterey Bay

In May 2009, I will hopefully graduate from CSUMB with a bachelor’s degree in Global Studies. June 2009 will mark the 10-year anniversary of my high school graduation. In July 2009, I will celebrate my 28th birthday, and by fall 2009 the $45,000 in school debt I’ve accrued will be owed. Admitting these realities of my life to complete strangers is intimidating, borderline shaming. However, in the 10 years of my educational career as a CSU student, I have come to understand how common my story is within the Cal State University system. I have attended three different State Universities (San Francisco, East Bay, and Monterey Bay) and have met students from various CSUs. More and more, the average Cal State student is a working adult with multiple jobs, accumulating thousands in school debt, and graduating in five to six years—the last thing I should feel is ashamed or alone.

Kathleen M. Rose
Nursing, Sacramento

I am a full-time Lecturer at CSU Sacramento. My department has received the news that we need to cut $100,000 in faculty salary expenses. This amounts to a loss of 40 percent of our part-time Lecturers.

Aline Soules
Librarian, East Bay

The library at Cal State East Bay (and other CSUs) has been cut to the bone in order to meet budget reductions. As one faculty member in our English department said to me: “How can they expect us to conduct research if they don’t give us any resources?”

At this point, our book budget has been cut by a third; we have cut our standing orders; and we are likely to have to cut further into our databases. When will it stop?

A number of programs now have only the indexes to information and students must be prepared to use Interlibrary Loan to get the full text. In many cases, particularly as we are on a quarter system, there isn’t time for them to do that and they end up with nothing.

We continually urge our students to use resources beyond the Web, but what are they supposed to do if only the Web will cover their topics?

Pamela Hughes
Composition for Multilingual Students, San Francisco

I’m writing to give voice to my story as a Lecturer in San Francisco State University’s Composition for Multilingual Students (CMS) program for about two-and-a-half years. Sadly, that will be ending shortly since I will not be rehired in the spring as a result of the recent budget cuts.

I am very fortunate to have worked lined up in the spring, even though it is outside the field of education. Not surprisingly, I need financial security like so many others, and if this means leaving teaching, I feel I have no other choice but to go where my talents will be appreciated (and compensated).

Since I am still relatively fresh from graduate school, I continue to think that it is not too late for me to reroute my career path. Unfortunately, if I do this, it will be at the expense of my original vision for myself as an educator. I

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NEW DEAL FOR A HIGHER EDUCATION

CFA campaign moves forward
State Assembly to take on call for bold national higher ed investment

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hen the legislature reconvened in December, one of its first orders of business was to call for federal help to rebuild the nation’s colleges and universities.

Just before the swearing in of freshmen lawmakers, Assemblymembers, Assemblymembers-elect, faculty members, and students held a news conference to announce the introduction of an Assembly Resolution that calls for a bold recommitment to public higher education in the United States.

“Today we begin a nationwide campaign to invigorate our economy by investing in higher education,” said CFA President Lillian Taiz. “We will reach out to our colleagues across the nation to rally with them behind this movement calling for a New Deal for a New Millennium.”

The resolution was created by CFA and unanimously adopted at CFA’s Fall Delegates Assembly. CFA is the sponsor of the state Assembly resolution—which was introduced and numbered HR 4.

Assemblymember Anthony Portantino (pictured right), chair of the Assembly Higher Education Committee, spoke about the importance of higher education during an economic downturn.

“It is time to renew the pledge of providing grants and benefits to students during this critical turning point in our history. A renewed call to invest in our students under a bold initiative would put California and the rest of the country back on the right economic track,” said Portantino.

Portantino was joined at the announcement by the co-authors of the bill: Assemblymembers Sandre Swanson, Ira Ruskin, Jim Beall and Joan Buchanan.

To learn more about the resolution for “A New Deal for Higher Education” go to: http://www.calfac.org/newdeal.html ▲

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“With or without consulting the faculty, campuses eliminated sections, which meant that the sections remaining got much bigger overnight. If you used to teach 30 students and you’re one of those left standing, suddenly you’re teaching 30-plus-whatever. Working conditions got worse for teachers and learning conditions got worse for students,” said Merrifield.

Meanwhile, at CSU East Bay, the library book budget has been cut by one-third. Librarian Aline Soules’ contribution to “Cuts Have Consequences” lamented the additional targeting of electronic resources and asked, “When will it stop?” Would students wind up having to rely on the Internet for research—not just supplementally but exclusively?

“This is not education,” Soules said. “It’s abdication.”

Affording a future

CFA has its own refrain: Can the state afford not to afford it?

In November, hundreds of students demonstrated against the mid-year cuts on the San Francisco State campus. The very next day, hundreds more attended a “Rock for Higher Education” concert at San Jose State.

In December, a crowd of more than 1,000 enlivened a rally at CSU Long Beach. A teach-in at San Francisco State got wide attention.

And at Sonoma, a sudden shortage of general education classes led to a protest by enraged students that was so vociferous and effective that the campus administration uncovered $450,000 in “emergency funding” to support additional course sections this semester.

Recognition that continuing a course of starving the CSU would be a disaster for the California workforce and the prospects of long-term recovery is widespread. The Alliance for the CSU is moving toward 100,000 members. Both the traditional media and innovative outlets like YouTube and Facebook are spreading the word.

The CFA leadership urges you to add your voice and activism. Help to keep our state from falling off that cliff.

In his powerful report, policy analyst Mortenson talks of how Californians must choose between a “well-established slide toward mediocrity” and “a more economically prosperous, socially harmonious, politically vital and healthier future.”

Two sets of negotiations—one in the halls of the Capitol, the other in faculty bargaining with the CSU administration—will do much to determine that choice. ▲

See the “Cuts Have Consequences” Channel on YouTube: youtube.com/cutshaveconsequences
• Add your story about cuts to the comments section
• Add your video to the video comments
• See cuts stories and video from other campuses

WINTER 2009 • CALIFORNIA FACULTY 9
Planning ahead
CFA council focuses on making the CSU mirror California’s diversity

By Alice Sunshine
Editor

As CFA’s Council for Affirmative Action met in January, campuses were freezing, hiring, and Lecturers were being laid off amid the state budget crisis.

So, how to work on making the demographics of the CSU’s faculty more like those of the student body?

“Focus on keeping the diverse faculty we do have, especially Lecturers who will be the first to go,” says Leslie Bryan (San Bernardino). She says CFA should monitor how many Lecturers of color are not rehired.

“Just because we have a budget crisis doesn’t mean the CSU is not hiring,” says Garry Rolison (San Marcos).

And, he adds, the budget crisis will pass. “Now we have time to think about how to do those hires in terms of diversity.”

He said the whole CSU system needs access to the same data on the “availability pool, that is, the numbers of scholars of color and women in under-represented disciplines who have attained Ph.D.s in the last five years.”

Al Harris (Humboldt) says, “We want the CSU faculty to look more like California by 2015 or so. To do that we need to identify steps we need to try now.”

For example, he says, “Which faculty should be on search committees? Should they include a diversity officer or similar person on the campus?”

If a department lacks faculty of color, “should faculty from another department join them to bring fresh ideas?”

The right answers, he says, would help a good-faith effort to find a diverse pool of candidates.

Derethia DuVal (San Francisco) warns the CSU should not use budget cuts as an excuse to give up on achieving a representative faculty.

“People of color, gays, lesbians, the disabled mostly came into the system in the late 1970s and 1980s,” she says. “Now a lot of them are retiring and we must be sure that the new people (hiring now) have the same commitment to diversity.”

See more about CFA’s Council for Affirmative Action and the issues they are confronting within the CSU online at www.calfac.org/affirm.html

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fear that I might join the ranks of those who abandon such a worthy and rewarding field solely because the state of California is not willing to stand up for teachers and education.

Shelly Arsneault
Politics, Administration & Justice, Fullerton

In Fall 2008, we had to cancel completely a finance class required for our public administration B.A. majors; this put at least one student back in graduation by one semester. I was told that we have to cut our classes again for Spring 2009; while I can now offer the required finance class for these students, I can’t offer the required human resource management class! I’m sure this will put more students behind in graduation.

Derek L. Jasmin
Student, Cal Poly Pomona

Since the budget cuts, classes I need are no longer available. Unfortunately, it looks like this upcoming quarter there won’t be any electives available from my department. It’s not just the electives but some G.E. courses that are campus-wide.

Update from Derek: My graduation has been delayed because of the budget cuts.

Julian Dixon
Music, Sacramento

Because of budget cuts, two of the classes I teach are to be eliminated. That means I will lose my medical and pension benefits because, although I have been at the CSU for many years, I teach on temporary appointments. The loss of these classes also injures my students and the Sacramento community.

The brass instruments classes that I teach are the only place for young professionals in the CSU system to get this kind of training. In the professional world, tuba players are on their own.

Our program at Sacramento State is one of the rare opportunities they will ever have in their career to learn with other tuba players, and to learn how to survive in the music business. We teach them to form chamber groups which offer an important way for them to earn a living as musicians, and to perform in these groups in the community. That is being taken away.
By John Travis
Chair, CFA Bargaining Team
Political Science, Humboldt

In late January, it became clear to the bargaining teams for CFA and the CSU Chancellor that we would be unable to reach agreement on the economic portions of the faculty contract that were reopened due to the state budget crisis.

At the recommendation of the CFA Bargaining Team, the CFA Board of Directors formally called on the Chancellor’s Office to enter into binding arbitration with the union involving a neutral arbitrator.

By pursuing binding arbitration, we can seek a swift and fair resolution by an impartial third party that would circumvent potential labor strife during a time when the system needs all of its stakeholders on the same page.

As California Faculty magazine went to press, the Chancellor’s bargaining team notified CFA it would not agree to go arbitration. The alternative would be to follow the “statutory” route spelled out in state labor law that could end with the Chancellor imposing a contract unilaterally and the suspension of Article 9 of the faculty contract, meaning the right to conduct concerted actions.

In a letter sent in late January to the Chancellor’s chief negotiator, Bill Candella, CFA Director of Representation Bernhard Rohrbacher wrote:

“CFA believes that against the background of an ever-worsening economic crisis in the state and in the nation, it would be a mistake to choose a process for settlement of this dispute that would lead inevitably toward labor strife and turmoil in the university…

“Referral of the matter to a neutral arbitrator will ensure that this dispute will be settled by reason, not by force. To us, that seems fair and just.”

Budget crisis led to reopened contract

The specific issues in dispute involve faculty pay during the academic year 2008/2009 — the general salary increase (GSI) for everyone, and the service salary increases (SSI) and equity programs for those who are eligible.

Last September, the state legislature adopted and the governor signed a 2008/09 budget that failed to provide the minimal funding spelled out in the Higher Education Compact. The CSU administration exercised its right to reopen the salary clauses in the faculty contract, saying state funding fell below an adequate level.

Throughout the bargaining period, the CSU administration did not advance beyond its initial “goose egg” proposal — zero GSI, zero SSI, zero equity pay program.

CFA President Lillian Taiz, I, and the rest of the CFA Bargaining Team understand that the budget situation is grave, but faculty, staff and students have been carrying the burden of budget cuts for years and this year is no different.

Throughout the bargaining process the Chancellor’s negotiating team told us that there are ‘competing demands’ which preclude reaching an agreement.

Yet, at the same time, the CSU leadership has implemented a draconian program of slashing courses, laying off instructors and staff, cramming too many students into too few classrooms, as well as restricting access.

By pursuing binding arbitration, CFA leaders seek a swift and fair resolution by an impartial third party that would circumvent potential labor strife during a time when the system needs all of its stakeholders on the same page.

Get the latest on CFA Bargaining online at www.calfac.org/bargaining.html

Go to the Q&A section for more information about the current situation.
Contingent faculty face real peril

Yet stronger appointment process and more activism builds strength

By Elizabeth Hoffman
Co-Lecturer Rep, CSU Long Beach
CFA Associate VP-Lecturers

and

Jonathan Karpf
Co-Lecturer Rep, San Jose State
CFA State Representation Committee

In early January, CFA released a policy report titled “California at the Edge of a Cliff” in which higher education expert Tom Mortenson analyzes the devastating impact of California’s failure to invest enough in public higher education.

The “edge of a cliff” describes exactly where CSU Lecturers feel they are.

In our roles as CFA Lecturer Representatives, the two of us have visited most of the campuses and talked to many Lecturers. We hear the uncertainty and fear our fellow Lecturers express. That fear is well-founded.

Although well over half the teaching in the Cal State University system is done by Lecturers, full-time and part-time faculty with temporary appointments, our numbers are diminishing. In Fall 2008, compared to Fall 2007, there were 477 fewer Lecturers by headcount teaching in the CSU. By full-time equivalent positions, there were 241.5 fewer Lecturers.

The workload

Some of these missing Lecturers retired or got tenure-track positions in the CSU or elsewhere, but most simply disappeared from the CSU.

Meanwhile, the number of students increased by 1% from Fall 2007 to Fall 2008. These 4,031 additional students were taught by 2% fewer CSU faculty members. More students and fewer faculty members means increased workloads for the faculty who remain. We know from talking with Lecturers that much of that increased workload is being met by Lecturers.

Lecturers are caught in a terrible bind: they are committed to their students success and know larger and larger classes can undermine that success. Yet, as temporary employees, most are reluctant to complain about excessive workload for fear of jeopardizing their jobs.

The continuing uncertainty of the state budget exacerbates the uncertainty Lecturers always face at the beginning of each term about how many sections of a course a department will offer and whether the classes they are assigned will make it.

Jobs are precarious

In a budget crisis, management looks for flexibility, and Lecturers provide that flexibility. Lecturers make up almost 60 percent of CSU faculty members – 70 percent at the newest campus, Channel Islands.

It is all too easy for the administration to get rid of temporary faculty, taking with them the class sections our students need to graduate. With a less precarious faculty workforce, the administration would be forced to look at every non-instructional option and every dollar before cutting instructors.

For this reason CFA has fought hard to increase the number of tenure-track faculty, to encourage the hiring of Lecturers into tenure-track positions, and to improve the job security of incumbent Lecturers.

A more stable workforce improves the lives of individual faculty members and, just as importantly, protects the mission of the university and best serves the needs of students.

The two of us, both longtime Lecturers, have weathered several previous budget crises in the CSU. The current crisis is the toughest; however, we see an important difference from past years.

Because of job security provisions for Lecturers that CFA successfully bargained in the last two faculty contracts, there is a less capricious system in place that provides Lecturers with due process regarding appointments.

Article 12.29 of the faculty contract specifies an order of appointment that must be followed. This order of appointment has been established for Lecturers eligible for three-year appointments under Articles 12.12 and 12.13.

Lecturers with three-year appointments who lose work go on a recall list. Preference for new or additional work allows Lecturers to accrue work up to a 1.0 time base and, upon a new appointment, get a more secure, unconditional appointment.

An Umpire option, now part of the Article 10 grievance process, allows much more rapid resolution of Lecturer appointment issues.

In addition to bargaining better job security, CFA has greatly strengthened the representation process so that those contract rights are enforced. We can’t say that every Lecturer will be protected in this budget crisis, but the improved contract provisions along with more vigilant faculty rights representation have protected many individual Lecturers, have made campus administrations more careful about complying with the contract, and have built a Lecturer constituency that is more aware of its rights, is more willing to get involved, and more likely to speak out.

It took a unified faculty to build enough capacity in our union to bargain good contracts, and Lecturers need...
ERS have been an important part of that unity.

In November 2007, 1500 faculty and students rallied at the CSU Trustees meeting at the Chancellor’s Office, and a group of faculty, fully prepared to be arrested for civil disobedience, took the rally inside. Almost half of those faculty were Lecturers. They turned their fear into activism and modeled the collective action we need to protect our university.

Although several thousand new members have joined CFA in the past few years, we need more faculty, especially Lecturers, to join and build the capacity of CFA to do research such as the just-released “California at the Edge of a Cliff” report.

We need resources to lobby for increased investment in higher education and to help elect legislators who believe in accessible, high-quality public education.

We need to continue to build the Alliance for the CSU, a broad coalition of more than 65,000 students, alumni, faculty, staff, administrators, parents, business, and community leaders speaking out about the importance of the CSU for California’s economic well being.

What you can do

Work with the Alliance for the CSU.

This spring, faculty on each campus will ask students in their classes to write faxes to the governor and key legislators about the importance of adequate funding for the CSU.

The faxes will be collected and sent at a campus event organized to yield maximal impact for the Alliance message. Contact your CFA office on campus to be part of this campaign and to learn about lobbying activities you can participate in.

Keep informed about the issues. Make sure you know your Lecturer rights.

Review the order of work assignment in Article 12.29 in the CSU-CFA Collective Bargaining Agreement on the CFA web site.


For information on unemployment benefits, check the Lecturers’ Handbook and also go to: www.calfac.org/unemployment.html

See Lecturer Updates at: www.calfac.org/lecturers_updates.html

The CFA website has other important documents including the California Faculty magazine, CFA Research Briefs, and the weekly CFA Headlines with the latest news on the state budget and CFA activities: www.calfac.org/headlines.html

Contact CFA if you are not re-appointed or your entitlement is not met.

Report problems with excessive or unreasonable workload. While not every issue can be addressed by the grievance procedure, there are two reasons why it would be useful to bring all such issues to the attention of your CFA reps.

First, it is often possible to craft informal resolutions that meet the needs of the affected faculty member.

Second, your Lecturer Rep and Faculty Rights committee can be kept abreast of issues as they arise, and even if an individual grievance isn’t possible, a chapter grievance may be filed. To find your campus Lecturer Representative, go to: www.calfac.org/lecturerscouncil.html

To get contact information for your campus CFA chapter, go to: www.calfac.org/chapters.html

Help build CFA capacity to do the work that protects our rights and stands up for the university.

Join CFA if you are not a member. You are already paying what it costs to be a member. If you are a CFA member, encourage your fellow Lecturers to join. Contact your campus Lecturer Rep for more information about how to get involved in local and statewide Lecturer Council activities.

We know how busy Lecturers are and how marginalized and uncertain we often feel. Unlike many other contingent faculty, CFA Lecturers are part of a democratic and inclusive union committed not just to all CFA members but to the common good.

Your involvement, no matter how limited, is welcome and will help solve the serious problems we face in the CSU and in California.
Where have all the graduates gone?
Report finds state not keeping up with higher education demands

By Aimee Shreck
CFA Research Director

When the Public Policy Institute of California (PPIC) published its California 2025 report in 2005, it highlighted the likelihood of a future gap between the level of education of the state’s population and the level of education demanded by the economy.

The PPIC’s recent report, California’s Future Workforce: Will there be enough college graduates? discusses the sobering results of an expanded, follow-up study on this topic.

The grim analysis, in short, suggests that if trends continue, California will need far more college educated workers than we are training.

The demand for college-educated workers is likely to reach 41 percent by 2025. However, projections suggest only about 33 percent of the working-age population is likely to have a four-year college degree by then. At the same time, there will be an over-supply of workers without any college education.

As a result, the economy most likely will respond and adjust accordingly. In other words, current trends will not continue because growth in the supply of college-educated workers will not keep pace with demand.

The “gap”

This projected “workforce skills gap” results largely from of two demographic realities.

First, California workers with the highest levels of education today are aged 50 to 64 and will reach retirement age by 2025. Thirty-four percent of workers in this age group hold bachelor’s degrees.

Second, Latinos—who as a group earn college degrees at very low rates—comprise a growing share of the state’s working-age population. The share of Latinos with bachelor’s degrees was just 7 percent in 1990 and is projected (before this year’s funding cuts to state universities and colleges) to reach 12 percent by 2020. At the same time, Latinos are expected to increase in numbers from 22 percent of the working-age population in 1990 to 40 percent by 2020.

The PPIC researchers also studied changes over time in a statistic called the “college wage premium,” which measures the percentage increase in average earnings for those holding a bachelor’s degree compared with those who have only a high school diploma.

Since 1980, this measure increased significantly, indicating that the demand began outpacing supply of college-educated workers around that time. In 1980, a male college-graduate in California earned 39 percent more than a similar man with only a high school diploma. By 2006, the difference rose to 86 percent.

The same pattern holds true for women in California and for both men and women in the US as a whole. These changes in wages are one of the ways the economy has adjusted to the characteristics of the labor market. They also help explain the growing economic inequality over the past few decades and drive home the increasing importance of higher education for individuals and society alike.

Adjusting downward

So, if supply fails to keep pace with demand for college-educated workers and the economy “adjusts”, what does this really mean?

‘The grim analysis suggests that if trends continue, California will need far more college-educated workers than we are training.’

As the report states:

“We can expect to see some of the same adjustments that occurred in recent decades, although they are likely to be magnified because growth in the supply of college-educated workers will become more limited...changes in wages, unemployment, and underemployment.

“The supply of workers with a high school diploma or less is projected to exceed the demand for such workers. These workers will see an erosion of their wages or other compensation...

“For workers with a college degree, growth in demand will continue to drive up wages.”

Thus, unless actions are taken today, the state is facing a bleak situation in which there will be greater demands for social welfare programs and more intense, increasing inequality.

As a result, the report concludes, “The lack of college-educated workers will be a limiting factor that changes the path of the state’s...
economic growth.”

Though in the past migration to California has helped address the workforce needs of the state, it is unlikely to be a solution in the future.

More specifically, the report estimates that to meet projected demand for college-educated workers in 2025, 160,000 qualified workers would need to migrate to the state annually for the next 20 years.

Since 2000, however, an annual average of 56,000 college graduates have migrated to California while greater numbers of college graduates have left the state, resulting in the first-ever period of net out-migration of college graduates.

Is it too late?

Finally, this study warns that even with significant expansion of higher education in the state, the projected gap is too large to fill. In 2006, 29 percent of young workers (ages 25 to 29) held a bachelor’s degree. By 2020, 39 percent of the workers would be expected to be college-educated.

This research finds that even if the college-education rate for young workers jumped to 50 percent in 2009 and remained at that level through 2020, then 38 percent of all workers (ages 25 to 64) would hold bachelor’s degrees in 2020. Of course this scenario is unrealistic, but it draws attention to the scope of the gap that this analysis identified.

Public policymakers must pay attention to these findings for they have a clear role to play in addressing these issues. At a minimum, policies can and will affect who can attend and succeed in college today and in the future.

Restrictions on opportunities to attend college, such as the ones being imposed today on the college-age population—thanks to state policymakers’ inability to address the economic crisis—are most certainly the wrong approach to addressing the state’s workforce needs.

Failure to shrink the gap between demand and supply of college-educated workers will mean restricted economic growth in the state. Given the fragility of the economy, this is a dangerous risk to take and one that will have severe and long-lasting implications.

As Deborah Reed, the report’s author stated, “California may not be able to close the workforce skills gap, but the state’s leaders should look for ways to reduce it. By focusing on the quality of education at all levels, from preschool to the state’s universities, policymakers can improve opportunities for Californians and create a workforce to fuel future economic growth.”

CFA’s new report – which begins in its entirety on the back cover of this magazine – spells out the drastic economic straits facing California if reinvestment in public higher education is not restored soon.

It traces how the state has fallen from a “trend-setter” in educational opportunity that made it an example of economic prosperity for the country to “bottom of the pack.”

Bottom line: the state has slipped into “educational and economic mediocrity.”

At a news conference to release the report to the public at Cal State Los Angeles in January (pictured above), report author Tom Mortenson, a senior scholar at the Pell Institute for the Study of Opportunity in Higher Education expressed dismay at the deteriorated condition of the long-revered California system of public higher education.

The data meticulously spelled out in “California at the Edge of a Cliff: The Failure to Invest in Public Higher Education is Crushing the Economy and Crippling Our Kids Future” offers corollary results to the findings in the PPIC 2025 study discussed on this page.

Following release of “California at the Edge,” Mortenson, CFA President Lillian Taiz, and other CFA leaders traveled around the state for visits with policy makers, members of the news media, and business leaders to gain their support for funding the California State University.

In addition, Mortenson and Taiz conducted numerous interviews for news reports, many which may be viewed on the CFA website at www.calfac.org/inthenews.html

The report, along with additional data and supporting documents, can be viewed on the reverse of this magazine, or at: www.calfac.org/calattheedge.html
Rick Nadeau remembered

In November Rick Nadeau, long-time staff member for CFA, passed away after an extended battle with cancer.

During his time with CFA, Nadeau won the F. Ben Mansell Academic Rights award for excellence in representation and was well-known on CSU campuses for his intense and dauntless advocacy of faculty rights.

“Those of you who knew Rick remember him as a person deeply committed to CFA and to the CSU. He was an outstanding and absolutely relentless advocate for faculty,” said CFA General Manager Susan Meisenhelder.

The family has requested that in lieu of flowers, memorial contributions be made to either The OB Rag (obrag.org) or Because People Matter (www.bpmnews.org) — both of which are alternative publications to which Rick contributed.

CFAers witness historic inaugural

CFA activists, staff and statewide leaders were in Washington D.C. on Jan. 20 to attend the historic swearing-in of President Barack Obama.

Among them was CFA statewide Treasurer Peter Kreysa, who sent back the adjoining picture as well as the following anecdotes on the event:

“Other than the day I was married, witnessing Barack Obama take the oath of office was the most thrilling moment of my life. I cannot express sufficiently the magnitude of the pride and emotion expressed by the enormous throngs of well-wishers who gathered together in joyful celebration of one of the most-historic days in our nation’s history…

“The mood here is one of tremendous pride and hopefulness. The crowds have been the largest Washington, DC has ever seen. It is cold and the lines have been long, but the breathtaking experience of witnessing this historic day was well worth the five hours we spent in line with many others to get onto the Capitol grounds. The election of Barack Obama is a dream come true for our country.”

Introducing new student organizing coordinator

CFA is proud to introduce Dominique Mendez, who will serve as the union’s new Southern California Student Organizing Coordinator. Dominique brings eight years of community organizing experience with her to CFA. She can reached at: dmendez@calfac.org

UC president to fund labor centers

Late last month, UC President Mark Yudof agreed to provide one-time funds to restore funding for the labor and employment programs at UC Berkeley and UCLA for fiscal year 2008/2009. This funding will allow the programs to continue and will keep staff on through the year while the legislature works to reinstate the funds in next year’s budget.

In October, more than 400 California professors and academic staff signed a letter to the Governor protesting the cuts. Learn more about the programs at laborcenter.berkeley.edu and www.labor.ucla.edu ▲
California at the Edge of a Cliff

The failure to invest in the Next Generation is crushing the economy & crippling our kids’ future

Prepared for the California Faculty Association
By Tom Mortenson
Higher Education Policy Analyst
www.postsecondary.org
January 2009

To download an electronic version of the report and view more charts, analysis, media coverage and more visit the Higher Ed at the Edge website at: http://calfac.org/CalAtTheEdge.html
About the Author

Thomas G. Mortenson is Senior Scholar at The Pell Institute for the Study of Opportunity in Higher Education in Washington, D.C., and an independent higher education policy analyst living in Oskaloosa, Iowa.

His policy research focuses on opportunity for postsecondary education and training and the ways public policy fosters or impedes access to that opportunity. He has special concern for populations that are under-represented in higher education.

His studies have addressed academic and financial preparation for college, access, choice, persistence, attainment, and labor force entry of college graduates. He is particularly interested in public and private finance of higher education opportunity and the enrollment consequences of the cost-shift from taxpayers to students that has been underway since 1980.

He has been employed in policy research and budget analysis roles for the University of Minnesota, Illinois Board of Higher Education, Illinois State Scholarship Commission, and the American College Testing Program.

Currently Tom is editor and publisher of Postsecondary Education OPPORTUNITY, a monthly research letter devoted to analysis and reporting on the demographics, sociology, history, politics and economics of educational opportunity after high school. He provides consulting services on higher educational opportunity policy to state and national organizations, and makes presentations on opportunity throughout the country.

He has received numerous awards in recognition of his work including the Tri-State Consortium of Opportunity Programs in Higher Education Award from the Tri-State Consortium of Opportunity Programs of New York, New Jersey and Pennsylvania in 2007 and also in 2007 the TRIO Award from the Tri-State Consortium in Minnesota.

Preface

California is on course to wreck its own economy. This is one of the undeniable conclusions of higher education expert Tom Mortenson’s evaluation of the impact of disinvestment in our public higher education system.

He argues that the California economy has matured to the stage at which higher education is a key determinant of success both for individuals and for the state as a whole.

Yet, in every key trend, California is on “a now well-established slide toward mediocrity.” Now is the time for we as a state to reverse course and make better higher education policy choices. Or else. And the nation should be watching. California’s fate has long been a signpost for the rest of the country.

California Faculty Association
January 2009

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The California Faculty Association is a union of 25,000 professors, lecturers, librarians, counselors and coaches who teach in 23 campuses of the California State University system. CSU faculty help to prepare California’s teachers, nurses, engineers, local and state officials, journalists, filmmakers and countless others who come through the CSU for an education. The CSU is the largest four-year public university system in the United States and exists to provide an opportunity for everyone seeking higher education.

For questions or requests about this report contact Aimee Shreck, CFA Research Specialist, at 916.441.4848 or ashreck@calfac.org
Executive Summary

California’s economic, social and political future is inextricably bound to the Human Capital Economy that has driven economic development in the United States since 1973 and the world since 2000.

Economic prosperity and success for individuals, families, cities, states and countries are now being driven by the productivity of college educated workers and the industries that employ them. High school graduates lack the skills and training required for productive contribution to prosperity. There is no turning back, no denying, no delaying and no hiding from these relentless and pervasive economic forces.

California’s economy is changing in directions consistent with changes in the national Human Capital Economy.

The share of California’s Gross State Product (GSP) generated by private sector service-providing industries has grown from 55.4% of the total in 1963 to 72.3% by 2006. During this period, the share of GSP generated by goods-producing industries has declined from 30.8% of the total in 1963 to 16.7% in 2006, and the share of GSP generated by government has declined from 13.8% to 11.0%.

These changes are paralleled by changes in employment by industry in California. Between 1990 and 2007 the shares of total California employment increased in professional and business services (+2.8%), education and health services (+2.1%) and leisure and hospitality (+1.4%). The shares of California’s total employment declined in manufacturing (-6.1%) and agriculture (-1.2%) between 1990 and 2007.

California’s success in the Human Capital Economy will depend on the higher educational attainment of its workforce and the supportive business environment the state provides for the growth industries of the Human Capital Economy.

Meeting these challenges will be especially difficult for California because of extraordinary demographic changes: the new populations of future college students and adult workers that are moving through the K-12 education pipeline are increasingly minority and low-income populations that higher education has never served well.

Currently California’s workforce is fairly well college educated. In 2007 30.9% of those 25 and over held at least a bachelor’s degree. This ranked California 14th among the states. But in 1989 California had ranked 8th among the 50 states, and as recently as 1981 California had ranked 1st among the 15 largest states. Other states have made greater gains in building a college educated workforce and have moved past California. California is slipping toward educational and economic mediocrity among states on this critical measure of state competitiveness, prosperity and success in the Human Capital Economy.

Other states have made greater gains in building a college-educated workforce and have moved past California. California is slipping toward educational and economic mediocrity among states on this critical measure of state competitiveness, prosperity and success in the Human Capital Economy.

Beyond this point the California picture has deteriorated substantially in recent decades.

• California ranks 49th in the share of population age 25 and older that is at least a high school graduate. From 1977 and 1983, California ranked 1st among the 15 largest states on this measure.

• In 2004, 30.4% of California’s 19-year-olds were enrolled in college. This was down from 43.4% in 1996. In 2004, California ranked 46th among the states in the share of its 19-year-olds that were enrolled in college, down from 17th in 1996.

• The college continuation rate for California high school graduates has slipped from 66.4% in 1996 to 43.7% by 2004. The state’s rank among the states declined from 5th in 1996 to 47th by 2004.

• The college participation rate for 18- to 24-year-old students from low-income families was 21.2% in 2006, down from 30.0% in 1997. The state’s rank declined from 23rd in 1997 to 31st by 2006. These low-income students are now a majority of the state’s K-12 student enrollment population headed toward higher education and, eventually, California’s workforce.

California’s state tax fund investment effort in higher education has likely contributed to this deteriorating picture.

• In 1980, California appropriated $12.86 from state tax funds for the operations of higher education for every $1000 of state personal income. This ranked California’s investment effort 11th among the states. By FY2008, this had dropped $7.71 per $1000 of state personal income, a decline of 40%. California ranked 21st among the states by 2008.

• The state’s need-based grant system, while large, pales by comparison to the federal Pell Grant program efforts to assist financially needy California students from low- and lower-middle-income backgrounds. In 2006, state need-based grant dollars were 50.9% of federal Pell Grant dollars provided to needy California undergraduate students, and California ranked 10th among the states on this measure. But California only provided state need-based grants to 34.3% of those Californians who received federal Pell Grants. By this measure California ranked 22nd among the states.

California will have to decide whether to accept its now well-established slide toward mediocrity or to reverse course in pursuit of a more economically prosperous, socially harmonious, politically vital and healthier future.

California will have to decide whether to accept its now well-established slide toward mediocrity or to reverse course in pursuit of a more economically prosperous, socially harmonious, politically vital and healthier future.
Around 1973, the United States entered the Human Capital Economy. For the first time in our nation’s history, a person’s willingness to work hard and to live by society’s rules was no longer sufficient to be able to live the American experience. Anyone who wanted to live a middle-class American lifestyle also had to get a higher education. The skill levels required to be a productive and valuable worker in the Human Capital Economy could no longer be acquired in high school.

Now one must go to college and get no less than an associate’s degree and preferably at least a bachelor’s degree. Those who have made this commitment to become higher educated and succeeded at it have prospered since 1973 while those who didn’t haven’t.

Around 2000, the world became flat (paraphrasing Thomas Friedman’s famous book title). This means that the Human Capital Economy of the United States went global. The economic processes that have so relentlessly and brutally redistributed income and human welfare according to education since 1973 in the U.S. are now operating across national borders.

Other countries have looked at what the U.S. accomplished through higher education and they have started doing what we did—only better. They have rapidly expanded college participation and degree attainment. Six of these countries have already moved past the U.S. in college-educating their young adults who are their future workforces.

Eighteen more countries are poised to pass the U.S. during the next 11 years. Other countries are also making progress. And just as we have seen the income and employment advantages conferred by a higher educated workforce in the U.S., we should now expect far greater competition from the college-educated workforces of other countries for that same income and employment.

This paper examines California’s preparation to be competitive and successful in the new global Human Capital Economy. California is no longer competing only with other states for jobs and prosperity. It is now competing with the best and the brightest in the rest of the world. California’s success in this global competition depends primarily on the productivity of its workforce and the mix of growing, prosperous and competitive industries. And, both its workforce and its industries depend on higher education to produce the skilled workers to be productive, innovative and competitive.

Our analysis of California’s preparation for the Human Capital Economy is not encouraging and some measures are outright frightening. For example:

- California’s per capita personal income has shrunk from 142.3% of the U.S. average in 1929 to 107.7% of the U.S. average by 2007.

- The share of California’s population age 25 and over that was at least a high school graduate ranked 1st among the 15 largest states from 1977 to 1983. By 2006, California had slipped to 49th among all states.

- The college continuation rate for California high school graduates has slipped from 66.4% in 1996 to 43.7% by 2004. The state’s rank declined from 5th in 1996 to 47th by 2004.

- The college participation rate for 18- to 24-year-old students from low-income families was 21.2% in 2006, down from 30% in 1997. The state’s rank declined from 15th in 1997 to 31st by 2006. These low-income students are now a majority of the state’s K-12 student
enrollment population headed toward higher education.\(^3\)

- Between 1980 and 2008, California’s state tax fund investment effort in higher education had declined by 40%, one of the largest higher education funding cutbacks of any state during this period.\(^3\)

On some measures, California’s workforce is very poorly educated and on most measures of educational participation and attainment California is sliding backward.

California has a great climate, beautiful beaches and awesome mountains. But without a workforce equipped to compete in the world’s economy the jobs, income and prosperity that work produces are likely to shift to other states and countries.

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### I. The Human Capital Economy

Economies of states and nations evolve through stages. In the primary stage, economies are based on exploitation of natural resources, such as mining, forestry, commercial fisheries and basic agriculture. At the secondary stage, economic activity is based on capital investments such as manufacturing and capitalized agriculture. At the tertiary stage, economic activity is based on human capital—the productivity of educated minds and healthy bodies of workers.

While economies include all three stages, in economic evolution each stage dominates for a while, then is replaced by the next stage of development. The industrial democracies of the world are now competing in this third stage, which is based on the productivity of the trained and skilled human mind.

#### A. Production of Goods and Services

Since World War II, the economy of the United States has been transformed from goods production to service providing. This shift is measured in two broad ways: shares of employment and shares of Gross Domestic Product.

**EMPLOYMENT.** The share of all U.S. employment in goods-producing industries has declined by 21 points between 1939 and 2006 (from 37.6% to 16.6%). The share of jobs in service-providing industries has increased by 21 points (from 62.4% in 1939 to 83.4% by 2006).\(^4\) This shift has moved persistently since World War II and shows no signs of abating.

The job share losses in goods-producing industries have occurred mainly in agriculture, manufacturing and natural resources/mining. This is work traditionally done by men. The job share gains have occurred in service-providing industries, such as education and health, professional and business services, leisure and hospitality, financial activities and other services. This work used to be dominated by men, but now is performed increasingly by women.

We only have California data available since 1990, but these national trends are evident here, too. Between 1990 and 2007, the share of California’s employment:

- Increased by 5.6% in private sector service-providing industries, from 62.2% to 67.8% of the state total,
- Decreased by 5.4% in goods-producing industries, from 21.1% to 15.7%, and
- Decreased by 0.1% in government (public-sector service-providing industry), from 16.6% to 16.5%.\(^4\)

**GROSS DOMESTIC PRODUCT.** Between 1950 and 2007, the durable and non-durable goods share of U.S. Gross Domestic Product (GDP) declined by 15.6 points (from 43.9% to 28.3%). During the same period, the services component of GDP rose by 20.6 points (from 21.5% to 42.1%).\(^5\)

This transition from goods production to service provision has been devastating to those who are unprepared for it, particularly for males without college educations. At the same time, this transition has opened new worlds of employment opportunities for those who have earned college degrees, particularly for females. This is the economic process of creative destruction.

The California gross state product data span 1963 through 2006, and tell a similar story. The share of the state’s GSP generated by broad industrial classifications:

- Increased by 16.9% in private sector service providing industries, from 54.4% to 72.3%,
- Decreased by 14.1% in goods producing industries, from 30.8% to 16.7%, and
- Decreased by 2.8% in government, from 13.8% to 11%.\(^5\)

While California clearly has some industrial advantages over other states (information, professional and technical services, administrative and waste services, arts/entertainment/recreation), the state’s economy ebbs and flows with larger national and international economic processes. State public policymaking is generally guided by these broader trends and cycles.

#### B. The Market Value of Labor

This shift in what the American economy produces has had profound effects on the skill levels required of workers.

Goods-producing jobs include agriculture, manufacturing, mining, and other activities that needed big, strong men willing to work under dirty, uncomfortable and often dangerous conditions. As these jobs have shrunk both absolutely and relatively, so too have employment opportunities for those with high school educations or less.

In the Human Capital Economy, income and the living standards that income supports have been increasingly determined by the educational attainment of the workforce.

No longer is income determined only by hard work and living by the rules of society. Now income is also determined by education. Those who are higher educated are prospering, while others who...
are not higher educated are in prolonged and very serious economic decline, especially males.

Higher education attainment has been redistributing income and human welfare since 1973, and because higher education is so skewed toward students from affluent families it is contributing to growing income inequality.

This finding that education drives incomes holds for individuals (males, females, all races and ethnicities), families and households, cities, states and the country.

INDIVIDUALS. There are somewhat different stories for men and women in the development of the Human Capital Economy since 1973:

- For men age 25 and older, real median incomes for all males declined by 4.9% between 1973 and 2005 ($38,846 to $36,930).

But by levels of educational attainment median incomes of male high school dropouts declined by 36.7% (from $34,176 to $21,620) and for high school graduates real median incomes declined by 27.5% (from $42,936 to $31,122). For males with bachelor’s degrees, real median incomes declined by 3.4% (from $55,252 to $53,395). For males with advanced degrees real median incomes increased by 16.7% (from $63,529 to $74,153).

- For women age 25 and older, real median incomes for all females increased by 65.9% (from $12,954 to $21,488).

But for females who were high school dropouts real median incomes increased by 2.3% (from $11,241 to $11,501) and high school diploma recipients’ real incomes increased by 9.6% (from $15,737 to $17,242). For females with bachelor’s degrees, real median incomes increased by 37% (from $24,631 to $33,739). For females with advanced degrees real median incomes increased by 38.5% (from $35,421 to $49,070).

A conventional demand/supply interpretation of these data is that the labor market is over-supplied with inadequately educated workers, and it is undersupplied with workers at the highest levels of education and training. The more immediate message is that the gains made by women have come through increased educational attainment. Men are stuck about where they were at the beginning of the Human Capital Economy due to lack of progress in higher educational attainment.

FAMILIES. Most children grow up in families. So we study family incomes (and hence living standards) by educational attainment by head of household—the person in whose name the housing unit is owned or leased.

- For all families, real median family income increased by 21.5% between 1973 and 2006 (from $49,600 to $60,275).

- For families headed by persons who started but did not complete high school, real median family incomes declined by 24.6% (from $42,580 to $32,090).

- For families headed by persons with a high school diploma only, real median family incomes declined by 8.6% (from $52,275 to $47,784).

- For families headed by persons with a bachelor’s degree, real

The chart on the left shows changes in shares of California’s employment by industry from 1990 to 2007. The chart on the right shows changes in shares of California’s gross state product by industry from 1997 to 2006.
median family income increased by 23.2% (from $73,109 to $90,056).

- For families headed by persons with advanced degrees, real median family incomes increased by 23% plus (from $81,330 to $100,000+).6

**CITIES.** We study the relationships between income and educational attainment in cities and in states differently than we do for individuals and families because there is no single educational attainment level for a city or state, but rather a range. Our conclusion from these studies was that cities with a larger share of college-educated adults tended to have higher income and wages.

- **Per capita income.** In 1999, the bivariate correlation between city per capita personal income and the share of those age 25 and older with at least 4 years of college was +.789.7

- **Average annual pay.** In 2000, the bivariate correlation between city average annual pay and the share of the population age 25 and over with at least 4 years of college was +.767.7

**STATES.** The powerful relationships between educational attainment and income that hold for individuals, families and households, and cities also hold for states. Moreover, these relationships have been strengthening in the 1990s and 2000s.

- **Per capita income.** In 2006, the bivariate correlation between state per capita personal income and the share of the state’s population age 25 and over with 4 years or more of college was +.820. This had increased from +.699 in 1989. Not only was state per capita personal income largely explained by the proportion of adults with 4 years or more of college but this relationship has steadily and substantially strengthened between 1989 and 2006.7

- **Median household income.** In 2005, the bivariate correlation between state median household income and the share of state populations age 25 and over with 4 years or more of college was +.712. This had increased from +.660 in 1991 (and +.566 in 1995). In this decade in particular, median household income has been increasingly dependent on a college degree.7

**GLOBALIZATION.** While the Human Capital Economy began in the United States around 1973, it became global around 2000 when the world became flat (according to Tom Friedman). Other countries have observed the relationship of higher education to economic growth in the U.S. and have been very aggressively expanding higher education in their countries while the U.S. has allowed educational progress to stagnate. Data from the Organization for Economic Development and Cooperation reported an annual in *Education at a Glance*2 have shown that:

- In 2003, the U.S. ranked 2nd (to Norway) among 30 industrial democracies of the world in the proportion of their 25- to 34-year-old populations with at least a bachelor’s degree.

- In 2004, the U.S. dropped to 5th among these countries.

- In 2005, the U.S. dropped to 7th among these countries.

If the trends in place for more than the last decade remain unaltered, the U.S. will rank 22nd by 2019 among these 30 countries. Eventually most of the remaining OECD countries (except Greece) will surpass the U.S., too.

**C. The Income Tax Revenue Value of Education**

Governments tax the incomes, expenditures and wealth of people, and those who have more usually pay more in taxes. People with more education earn more income and typically pay more in taxes.

Here we look at the federal income taxes paid by taxpayers with different levels of educational attainment between 1970 and 2005.

The educational attainment of federal income tax payers has increased sharply between 1970 and 2005. The share with any college education has increased from 25.4% in 1970 to 55.8% by 2005. During the same period, the share of taxpayers with 4 years or more of college increased from 13.6% in 1970 to 29% by 2005.

Those who are higher educated are prospering, while others who are not higher educated are in prolonged and very serious economic decline.

The share of all income earned by these groups has increased even faster. Between 1970 and 2005, the share of all income earned by taxpayers with any college education increased from 35.6% to 70.4%. The share of all income earned by taxpayers with 4 years or more of college increased from 21.8% in 1970 to 44.6% by 2005.

And, the share of all federal income taxes paid increased the fastest. Between 1970 and 2004, the share of all federal income taxes paid by taxpayers with any college education increased from 41.6% to 76.6%. The share of all federal income taxes paid by taxpayers with 4 years or more of college increased from 26.7% in 1970 to 52.5% by 2004.

These data may be expressed another way to tell this powerful story. By 2004:

- Taxpayers with 1 to 3 years of high school were 8.7% of all taxpayers. They earned 4.4% of the income, and they paid 2.6% of federal income taxes.

- Taxpayers with a high school diploma comprised only 30.3% of all taxpayers. They earned 23.3% of all income and they paid 19.5% of federal income taxes.

- Taxpayers with 1 to 3 years of college were 26.4% of all taxpayers. They earned 25.7% of all income and they paid 24.1% of all federal income taxes.

- Taxpayers with 4 years of college were 18.4% of all taxpayers. They earned 25.7% of all income and paid 24.1% of federal income taxes.

- Taxpayers with 5 or more of college were 10.3% of all taxpayers, earned 18.6% of all income and paid 25.2% of all federal income taxes.7

The complementary story to these data is the cost to society of the least educated. For men, these are usually police/judicial/prison costs. For women, these are most often welfare costs. Instead of contributing to social welfare, the least-educated consume disproportionate shares of society’s tax resources.
D. Correlates of Educational Attainment

INDIVIDUALS. Higher education provides a wide array of important benefits to those who receive it.

• People with more education are more likely to be in the labor force, to have jobs, and less likely to be unemployed than people with less education.

• People with more education have higher incomes than do people with less education. People with less education are more likely to live in poverty than are people with more education.

• People with more education are more likely to have health insurance, pension plans, their own retirement accounts, own their own homes, have interest-earning assets, own their own businesses, and own rental property than are people with less education.

• People with more education are less likely to smoke tobacco, more likely to work in locations that prohibit smoking, and less likely to use illicit drugs than people with less education.

• When they are older, people with more education are more likely to be screened for colorectal cancer and prostate cancer, get pap smears and mammograms, use dietary supplements, see dentists and doctors more frequently, and see a doctor in his office.

• People with less education are more likely to use clinics or health centers, and hospital emergency rooms or outpatient services.

• People with more education are less likely to experience feelings of sadness, hopelessness, worthlessness, and to feel everything is an effort than are people with less education. People with more education report being happier than do people with less education.

• People with more education are less likely to experience disease and conditions of coronary, hypertension, stroke, diabetes, ulcers, kidney disease, liver disease, arthritis diagnosis, chronic joint symptoms, migraines and severe headaches, and pains in the neck, lower back, jaw and face.

• Mothers with more education are more likely to breast-feed their babies and have lower infant mortality rates than mothers with less education.

• People with more education have greater muscular strength and endurance than do people with less education.

They get more vigorous leisure time activity than do people with less education.

• People with more education are better able to walk a quarter of a mile, climb up to 10 steps without resting, stand for 2 hours, sit for 2 hours, stoop, bend or kneel, reach over head, grasp or handle small objects, lift or carry 10 pounds, and push or pull large objects than people with less education.

• People with more education are more likely to have a healthy body mass index and are less likely to be obese than people with less education.

• People ages 25 to 64 years with more education die at lower rates than do people with less education. This finding holds for both males and females.

• Death rates from cancer are lower among better-educated adults, and higher among less well-educated adults.

And there are hundreds more of these private correlates of educational attainment. The only private welfare measures where better-educated adults are at a disadvantage compared to those who are less well-educated are self-reported stress levels, frequency of sexual intercourse, and tax burden.

STATES. The benefits of higher education that accrue to people with higher educations also accrue to the states in which they are located. The share of adults with a bachelor’s degree in a state is positively correlated with:

The success in higher education of this rapidly growing low income share of California’s future workforce will largely determine California’s future position, competitiveness and prosperity in the global Human Capital Economy.

• Median household income (+.826)
• Per capita personal income (+.758)
• Employed/population ratio (+.484)\(^9\)

The share of adults with a bachelor’s degree in a state is negatively correlated with:

• Poverty rate (-.612)
• Unemployment rate (-.202)\(^9\)

In each of the above metrics the correlations (either positive or negative) with the share of adults with a bachelor’s degree strengthened between 1991 and the most recent year of available data (2004, 2005 or 2006).

Some of these state metrics are more highly correlated with the proportion of adults with at least a high school diploma:

• Employed/population ratio (+.735)
• Median household income (+.516)
• Per capita personal income (+.336)\(^9\)

Those state metrics that are negatively correlated with the proportion of adults with at least a high school diploma are:

• Poverty rate (-.741)
• Unemployment rate (-.308)\(^9\)

These data indicate that the high school diploma is most important to the reduction of low-end state economic welfare measures such as the employed/population ratio, poverty and unemployment. The college degree is most important to high-end state economic welfare measures such as median household income and per capita personal income.

There are many other state metrics of state well being beyond these key economic measures that are correlated with educational attainment. A few of these additional correlations with the share of adults with at least a bachelor’s degree include:

• State average credit score (+.390)
E. Family Income Inequality

GINI COEFFICIENTS. In recent decades, family income has grown steadily more unequally distributed in the United States. This is a result of the growing income gap between the educated and uneducated in the workforce.

Income inequality is measured in various ways, one of which is called the Gini Coefficient. This is a ratio ranging from zero to one, where a Gini Coefficient of zero means that every person in a population has exactly the same income, and a Gini of one means that one person has all of the income and no one else has any income.

In the United States, the Gini Coefficient for family incomes is calculated from the decennial census by the Census Bureau. For the U.S. Gini Coefficients have been:

- 1969 (.361)
- 1979 (not reported)
- 1989 (.414)
- 1999 (.434)

This means that family income has grown more unequally distributed in the United States between 1969 and 1999.

![Family Income Inequality in California and the United States 1969, 1979, 1989, and 1999]

In California, family income also grew increasingly unequally distributed between 1969 and 1999. In fact, California’s Gini Coefficient was less than that of the U.S. in 1969, but by 1999 it was higher. In 1999, California’s family income inequality was third only to that of Washington, DC, and New York. (In 1969, California had ranked 24th in family income inequality.)

The Gini Coefficients for California family income calculated by the Census Bureau have been:

- 1969 (.357)
- 1979 (.372)
- 1989 (.422)
- 1999 (.458)

Family income inequality increased faster in California (+.101) than it did in the U.S. (+.073) between 1969 and 1999.

CONSEQUENCES. There are social characteristics and pathologies across the states associated with high and growing family income inequality like that of California. The following state metrics are positively correlated with state Gini Coefficients for family income in 1999:

- Births to unmarried women (+.72)
- Low birth weight babies (+.69)
- Poverty rate (+.61)
- Average annual pay (+.54)
- Unemployment rate (+.47)
- Metropolitan population share (+.47)
- Infant mortality (+.47)
- Property crime rate (+.45)
- Children without health insurance (+.40)
- Persons without health insurance (+.38)
- Adult college graduates (+.29)

![National School Lunch Approval Rate for California School Children 1989 to 2007]
• Per capita personal income (+.27)
• Births to teenage mothers (+.16)

The following state metrics were negatively correlated with state Gini Coefficients in 1999:
• Public high school graduation rate (-.64)
• White population share (-.63)
• Home ownership (-.60)
• Adult high school graduates (-.58)
• Employed/population ratio (-.57)
• Low-income student college participation rate (-.28)
• Median household income (-.24)
• Voting rates for citizens (-.14)
• Users of illicit drugs (-.03)

F. California’s Demography

California’s dynamic demography is well known and has been widely reported. This changing demographic structure has profound implications for higher education and the state’s economy. Data from the chart below is taken from the recent report projecting high school graduates by state prepared by the Western Interstate Commission for Higher Education.

The white plus Asian (higher income) share of the total number of high school graduates compared to the black plus Latino plus Native American (lower income) shares that were 65/35 in 1992 became 55/45 by 2005. By 2022, this ratio will be 43/57.

This growth in the low-income share of future college students in California is also foretold by the share of K-12 student enrollments approved for subsidized school lunches under the National School Lunch Program. Eligibility for subsidized school lunches is limited to children from families with incomes below 185% of poverty.

For California, this share has grown from 35.2% in 1989 to 51.5% by 2007. California is now a majority low-family-income school children state, one of only 13 states with a majority of K-12 student enrollment approved for subsidized school lunches. The success in higher education of this rapidly growing low-income share of California’s future workforce will largely determine California’s future position, competitiveness and prosperity in the global Human Capital Economy.21
II. The Education of California’s Workforce

The vast majority of California’s working age adults are not sufficiently educated to participate productively and thereby earn good wages in the Human Capital Economy.

A. Educational Attainment

Among working age Californians age 25 years and older, 80.7% were at least high school graduates (or had GEDs) in 2007. This rate ranked California 49th among the states. In 1989, 78.6% of Californians 25 and older were at least high school graduates and California ranked 23rd among the states on this measure. From 1977 through 1983, California ranked 1st among the 15 largest states in the share of its adult population that was at least a high school graduate.

Among these same Californians age 25 and older, 30.9% had a bachelor’s degree or more in 2007. This ranked the state 14th among the states. In 1989, 26.4% of adult Californians had a bachelor’s degree or more and the state ranked 8th.

In both cases, the shares of Californians with at least a high school diploma and at least a bachelor’s degree increased between 1989 and 2006, but in both cases California’s ranking among the states declined. While California is making some modest progress in the education of its working-age population, other states are making greater progress and these states are moving well past California in educational attainment. California is coasting while other states (and countries) are climbing.

The appropriate interpretation of these data combines both the production of high school diplomas and college degrees by California education institutions with interstate migration data on high school and college graduates from the Census Bureau. College graduates in particular are highly geographically mobile and are attracted to strong job markets and repelled by weak job markets. College graduates do, after all, have to repay their student loans.

B. College Participation

The educational systems of California produce nearly all of the educational attainment of the state’s adult workforce. We monitor the state’s education systems by tracking students through the education pipeline beginning at the end of compulsory school enrollment at age 16 through high school graduation, college continuation and college graduation.

College participation rates for California are measured in two ways: (a) for all by age 19, and (b) for low-income 18- to 24-year-olds. Both California rates are well below the national average, and both have declined substantially since 1996.

**COLLEGE PARTICIPATION BY AGE 19.** In 2004, 30.4% of California’s 19-year-olds were enrolled in college someplace in the United States. California ranked 46th among the states on this measure. (The release of some key 2006 data required for this analysis has been delayed by the National Center for Education Statistics.) In 1996, California’s 19-year-old college participation rate was 43.4% and the state had ranked 17th among the states.1

This college participation rate is the product of the public high school graduation rate, and the college continuation rate for both public and private California high school graduates.

- In 2004, the California public high school graduation rate was 69.7%, which ranked 31st among the states. Out of 492,930 9th graders in 2000, 343,480 received regular high school diplomas in 2004. California has been improving its ranking, but not its rate, over the last two decades.5
- In 2004, the California college continuation rate for public and private high school graduates was 43.7%, which ranked 47th among the states. Out of 375,426 public and private high school graduates, 164,013 were enrolled in a public or private 2-year or 4-year college someplace in the U.S. This college continuation rate was down from 66.4% in 1996.3

**COLLEGE PARTICIPATION BY STUDENTS AGES 18 TO 24 FROM LOW-INCOME FAMILIES.** In 2006, California’s low-income college participation rate was 21.2%. Out of 1,257,136 low-income 4th to 9th graders in 1996-97, 266,424 were enrolled in college (with Pell Grants) someplace in the U.S. by 2005-06. California ranked 31st among the states in 2005-06.

This was down from 27.2% in 1997-98 when California ranked 23rd among the states.3 This is especially important to California because this low-income population is now a majority of its K-12 enrollments and will eventually become a majority of the state’s workforce.

C. Interstate Student Migration

A useful measure of how attractive and accessible a state’s higher educational opportunities are is interstate migration of college
freshmen. Migration is students speaking with their feet and their money. They move toward relatively attractive higher education institutions and away from relatively unattractive institutions.

**RECENT HIGH SCHOOL GRADUATES.** While these numbers are quite small compared to most states, nevertheless they tell an interesting story:

- In 1986, California imported more freshmen from other states (10,555) than it exported (6,431) to other states. Net interstate migration was +4,124 freshmen.
- By 2006, California exported more freshmen to other states (20,282) than it imported from other states (17,898). Net interstate migration was −2,384 freshmen.³

Many states and regions of the United States view higher education as a valuable state industry. When planned and operated as such, public and private higher education institutions can bring substantial valuable resources from other states and countries into a state’s economy. Prime examples include New England and the Midwest.

Other states do not provide attractive higher educational opportunities for their state’s citizens and thus many students leave to attend college elsewhere. They take large sums of money with them to be spent on higher education in other state economies. Prime examples include New Jersey and Illinois.

**PELL GRANT RECIPIENTS.** Between FY1979 and FY1983, California higher education was a net importer of students from low-income families with Pell Grants. Since FY1984, however, California has been a net exporter of low-income students, and by a large and rapidly growing margin. By FY2006, 31,115 more low-income students were leaving California to attend college than coming to the state to enroll. The numbers were −4,124 for public institutions, −5,468 for private non-profit institutions, and −21,523 for private for-profit institutions (although these data for the proprietary institutions are suspect).³ They took with them their federal Pell Grants and spent them and other resources at higher educational institutions in other states and economies.

### D. Gender

California, like other states, has greatly expanded higher educational attainment mainly for females since about 1970.

The California education pipeline has done a notably poor job of preparing its young men for the jobs that will be there during their adult working lives in the Human Capital Economy. The state pays steeply for this neglect of male education, particularly during a period of declining male employment opportunities in goods producing industries, with its extraordinary spending on prisons and disrupted families.

**ASSOCIATE’S DEGREE.** Between 1971 and 2006, the number of associate’s degrees awarded to men by California colleges decreased by 1,569 (from 36,534 to 34,965). During this same period the number of associate’s degree awarded to women increased by 33,182 (from 24,590 to 57,772). In 1971, 59.8% of associate’s degrees went to men, and by 2006 this had dropped to 37.7% of the total. The share earned by women increased from 40.2% in 1971 to 62.3% by 2006.³

**BACHELOR’S DEGREE.** Between 1970 and 2006, the number of bachelor’s degrees awarded to men by California colleges and universities increased by 23,889 (from 39,656 to 63,545). During the same period, the number of bachelor’s degrees awarded to women increased by 59,296 (from 28,180 to 87,476). The share of bachelor’s degrees awarded to women increased from 41.5% in 1970 to 57.9% in 2006.³

**MASTER’S DEGREE.** Between 1970 and 2006, the number of master’s degrees awarded to men increased by 9,969 (from 13,538 to 23,507) by California higher education institutions. During the same period, the number of master’s degrees awarded to women increased by 26,594 (from 5,928 to 32,522). The share of master’s degrees awarded to women increased from 30.5% in 1970 to 58% in 2006.³

**FIRST PROFESSIONAL DEGREE.** Between 1970 and 2006, the number of first professional degrees awarded to men by California institutions increased by 1,388 (from 2,918 to 4,306). During the same period the number of first professional degrees awarded to women increased by 4,180 (from 235 to 4,415). The share awarded to women declined from 92.5% to 49.4%. The share awarded to women increased from 7.5% to 50.6%.³

### California Net Interstate Migration of Public Institution Pell Grant Recipients 1979 to 2006

![California Net Interstate Migration of Public Institution Pell Grant Recipients 1979 to 2006](image)

Source: US Dept. of Education/OPE
DOCTORATE DEGREE. Between 1970 and 2006, the number of doctorate degrees awarded to men increased by 811 (from 2,726 to 3,537). During the same period, the number of doctorate degrees awarded to women increased by 2,689 (from 449 to 3,138). The share of doctorate degrees awarded to men declined from 85.9% to 53% between 1970 and 2006. The share of doctorate degrees awarded to women increased from 14.1 to 47% during this period.\(^1\)

E. Educational Retention

College graduates are highly mobile in search of employment. They move at about the same rate as less well-educated workers. But when they move they are more likely to move across state lines (and even across the country), while less well-educated workers are more likely to change addresses in the same county where they were living before they moved.

In 1989, California had 4,632,000 people age 25 and older with a bachelor's degree. By 2006, this number had reached 6,768,000. Between 1989 and 2006, the number of Californians with at least a bachelor’s degree had increased by 2,136,000.

Between 1989 and 2006, California’s college and universities produced 2,131,889 bachelor’s degrees. The difference between this production and the increase in the stock of people age 25 years and over with at least a bachelor’s degree is net migration of about 4,000 bachelor’s degree recipients. This indicates that over this period of years California has gained very slightly from net interstate migration of college graduates.\(^2\)

Because of fluctuations in the California economy over the last 18 years, this migration number has ebbed and flowed.

California can monitor its competitive climate for college graduates by tracking annually the production of college degrees by its colleges and universities, and comparing that to annual changes in its stock of college-educated adults as reported by the Census Bureau. Doing so provides immediate feedback on how well Cal

III. California’s Higher Education Investment

California makes investments in higher education primarily through state and local tax-fund appropriations for higher education, and through the tuition and fees paid by students and their families. Additionally, the state of California has made key investments in need-based student financial aid. Each of these components of state investment is described below.

A. State Tax Fund Investment Effort

For FY2008, California appropriated about $11.1 billion for the operations of higher education in California. On a state personal income tax base of $1.4 trillion, this produces a state tax fund investment effort of $7.71 per $1000 of state personal income. California ranked 21st among the states in state tax investment effort in higher education. As recently as FY1980, California ranked 11th among the states on this measure, and in FY1994 the state ranked 40th on this same measure.

The FY2008 state investment in higher education is 40% below the peak of $12.86 per $1000 of state personal income reached in FY1980. If California had maintained its FY1980 investment effort in FY2008, then, instead of appropriating $11.1 billion, it would have appropriated $14.2 billion for the operations of higher education, or about $3.2 billion more than it did.\(^3\)

In addition to state tax fund appropriations, California provides an additional $3.9 billion per year in support of community colleges.\(^4\)

B. Tuition and Fee Rates

California’s undergraduate tuition and fee rates vary widely, absolutely, and relatively compared to rates charged undergraduate students enrolled in public institutions in other states.

At the state’s flagship university campus—UC Berkeley—the tuition and fee charge was $8,385 for FY2008. By comparison, the national average undergraduate tuition and fee charge for undergraduates at flagship universities was $7,029. California ranked 10th among the state flagship universities. Between FY2004 and FY2008, this rate increased by 59.7%—the third highest increase among all flagship universities during this period.

At California's state universities, the average tuition and fee charge for undergraduates was $3,604 for FY2008. By comparison, the national average was $5,526. California’s state universi-
ties ranked 43rd among state universities. This rate increased 36.1% between FY2004 and FY2008. The increase ranks 17th highest among the states during this period.

At California’s community colleges, average annual tuition and fees were $600, compared to the national average of $2,737. California has the lowest tuition and fee rates for community colleges of any state by far.\(^{14}\)

C. Need-Based Student Financial Aid

California’s investment in need-based student financial aid looks good compared to other states, but it also looks bad compared to the federal Pell Grant program.

The federal Pell Grant program provided $1,488,876,000 to financially needy California resident undergraduate students in FY2006. By comparison, California provided $758,181,000 in need-based grant dollars to its own needy undergraduate students. The California contribution was 50.9% of the federal contribution, and this ranked California 10th among the states.

Taxpayers from across the country provided about twice as much need-based grant dollars to California undergraduate students compared to what the state of California provided.

The federal Pell Grant program provided grants to 584,559 needy California undergraduate students in FY2006. The State of California provided need-based grants to 200,586 students, or 34.3% of those assisted by the federal Pell Grant program. California ranked 22nd among the states on this measure. Again, taxpayers from across the country provided need-based grants to nearly three times as many needy California undergraduates as did the state of California.\(^{3}\)

D. Unmet Financial Need of Students

The 2004 National Postsecondary Student Aid Study (NPSAS2004) gathered sufficient data on California undergraduate students such that fair estimates of the adequacy of financial aid to meet the needs of California undergraduate students could be made. Three resource adequacy measures were developed with the available data: (a) unmet financial need, (b) student work-loan burden, and (c) net price to family.

UNMET FINANCIAL NEED. Unmet financial need is the difference between costs of attendance and the family and financial aid resources available to students to pay those college attendance costs. In FY2004, 2,693,430 California undergraduate students faced a total unmet financial need of $4,640,170,598—or an average of $1,723 each. Of this total, $1.9 billion was faced by dependent students and $2.7 billion by independent students. Among dependent students, about 85% of the unmet need was faced by those from families with incomes below $40,000. Among independent students, about 71% of unmet need was faced by students with incomes below $15,000 per year.

STUDENT WORK/LOAN BURDEN. Student work/loan burden is the sum of unmet financial need, educational loans and earnings from employment while enrolled in college. In FY2004, 2,693,430 California undergraduates faced $7,575,305,725 of student work/loan burden or an average of $2,813. Of this total, about $3.1 billion was faced by dependent undergraduates and $4.5 billion was faced by independent undergraduate students. About 74% of the student work/loan burden faced by dependent students was faced by those from families with incomes below $40,000. Among independent students, about 93% of the student work/loan burden faced by independent students was faced by those from families with incomes below $40,000.

About 93% of the student work/loan burden faced by independent undergraduates was faced by those with incomes below $30,000.\(^{15}\)

NET PRICE TO FAMILY. The net price to the family of higher education is cost of attendance less all grants, scholarships, waivers and any other non-repayable student financial aid. For California undergraduates, this totaled $20,734,351,595 in FY2004, or an average of $7,698 per student. Dependent students shared $10.8 billion of the total, and independent undergraduates shared $10 billion of the total.\(^{15}\)

In California, as elsewhere, the students from the lowest income families face the largest financial barriers to college enrollment. These students are now a majority of the California K-12 student population headed for higher education and, eventually, the California workforce.
IV. Key Conclusions

California’s future is inextricably tied into the Human Capital Economy. The state’s economic prosperity, social harmony and political vitality are all dependent on how well educated its adult workforce is now and will be in the future. Exactly the same can be said of every state in the U.S. and also every nation with which the U.S. and California compete in the global Human Capital Economy. States and nations are engaged in a Human Capital arms race whether they know it and are doing something about it or not.

Building prosperous, harmonious and vital state and national futures requires: (a) higher educating native populations and retaining them when they graduate, (b) attracting college graduates educated elsewhere, and (c) supporting the development and success of industries that are growing with college-educated workforces. This is a simple but powerful formula and one used successfully by states and nations everywhere.

California still has some modest advantages over other states and countries in the Human Capital Economy, although these advantages have deteriorated over time. California certainly has formidable challenges that will hold it back from a future several notches short of its potential. To prepare California for the Human Capital Economy, the following is suggested for consideration.

Get Real

There is simply a staggering and growing gulf between demographic reality and higher education policy in California.

• On the demographic side the share of California’s K-12 students approved for subsidized school lunches has increased from 35.2% in 1989 to 51.5% by 2007, and this share will increase much further and probably rapidly and indefinitely in future years. These students will have zero resources to pay for higher education when they reach college age. But they also represent a growing share of California’s future workforce that must be higher educated for the most valuable work to be done in the Human Capital Economy.

• On the policy side, California has reduced its higher education investment effort by 40% since FY1980. This means that public colleges and universities have raised tuitions to offset losses in state support. The state has been shifting the costs of operating its universities from state taxpayers to students and their families since 1980. These students from low-family-income backgrounds face huge financial barriers to California’s universities, and the state’s financial aid efforts fall very far short of meeting student needs.

A growing share of the students that must be higher educated will have no resources of their own to pay any costs of college at all (they will have expected family contributions of zero in financial aid terms) while California has been shifting the costs of university education to such low-income students. The evidence that this is not working is unequivocal.

College participation rates in California have been dropping since 1996, both for all 19-year-olds and for students from low-income families. Moreover, California has shifted from being a net importer of undergraduate students to being a net exporter. That indicates young Californians themselves are starting to see the state’s problems and adjusting their higher education plans by leaving the state.

Hello? Has California thought this through?

Well, yes, maybe, sort of—California has, but inadequately. California has tried to keep tuition rates low in its state universities and community colleges. California has also made a substantial state investment in need-based grant aid to help financially needy students pay for their higher educations. But this effort is about half of what federal taxpayers provide to help needy undergraduates. California students, and only about a third as many are helped by state programs as are helped by the federal Pell Grant program.

The data suggest that California cares less about its own low- and lower-middle-income college students than do taxpayers from the rest of the country.

To say that California’s college affordability problem has been effectively addressed by low tuitions and substantial need-based grant programs is contradicted by the California results from the 2004 National Postsecondary Student Aid Study.

For dependent undergraduate students from families with incomes below $40,000 per year, unmet financial need was about $1.6 billion in 2004. For independent undergraduate students with incomes below $15,000 per year, unmet financial need was about $1.9 billion in 2004.

Targeting state investment on needy students through needs-based grant assistance is the economically efficient way to reach students with demonstrated financial need. But, in practice this does not work very well. The financial aid system is almost hopelessly complicated even for those who have devoted their professional lives to making it serve students. It is an even more formidable barrier to students from low-income families whose parents cannot fathom its myriad forms, terms, due dates, and whose high schools are not always helpful in getting their graduates into college. There remains a strong affordability argument for low tuition.

But institutions need revenues to operate, and those revenues for public institutions come either from the state or from the students they enroll. No sugar daddy bails out public colleges and universities from their financial predicaments. And without adequate funding, public universities compromise on class size, competitive faculty compensation, library holdings, laboratory equipment and the myriad of other resources required to higher educate students.

There is no easy answer to the resource requirements for preparing Californians for the Human Capital Economy.

Digging deep is one uncomfortable answer. Not digging deep is an alternative with profound long-term consequences which are already evident in California. The answers lie in choices about what kind of future California wants. What does California want to be?

If California chooses growth and prosperity then it cannot be achieved without preparing for it, and preparation requires substantial, persistent and focused state investment.
Notes & Sources

The data cited in this analysis have been compiled by the author from public sources over the last 40 years. The primary federal data sources include the National Center for Education Statistics (NCES), Census Bureau, Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA), Department of Education/Office of Postsecondary Education (ED/OPE) and the Department of Agriculture/Food and Nutrition Service. Other national, regional and state data sources include the Western Interstate Commission for Higher Education (WICHE), the State of Washington Higher Education Coordinating Board, the National Association of State Student Grant and Aid Programs (NASSGAP) and the Grapevine Project at Illinois State University. International data is from the Organization for Economic Cooperation and Development (OECD). The data on private and social benefits of higher education have been compiled from hundreds of separate sources.

Nearly all of the California data have been compiled by the author in an Excel workbook titled California Higher Education Opportunity Data Book. This workbook is available from the author on request to tom@postsecondary.org.


7. Analyses by the author.


