



FOR PROFIT HIGHER EDUCATION AND THE CAL STATE UNIVERSITY: A CAUTIONARY TALE

FACT SHEETS

- The Private For-Profit Model of Higher Education
- The “For-Profit” Model in the CSU: Executive Compensation
- **The “For-Profit” Model in the CSU: Soaring Tuition**
- The “For-Profit” Model in the CSU: Expansion of Extended Education Operations
- The “For-Profit” Model in the CSU: Cal State Online
- Conclusion

CSU MANAGEMENT ACCEPTS CUTS, OPPOSES FUNDING

- 2009: CSU Chancellor tells Legislative Conference Committee on Budget: “I will not waste your time calling on you to refrain from the reduction to the CSU...we can manage them.”
- 2011: California higher ed leaders hold press conference to announce they will not fight proposed budget cuts. CSU Chancellor refuses to endorse extension of temporary taxes even though additional CSU cuts were linked to success of tax measure.
- Why not fight for funding? The answer is simple in a For-Profit mindset: the most predictable source of revenue lies in students’ wallets, not state coffers.
 - Last year, \$1.75 billion came from tuition and fees, up \$69 million from the previous year and 7 CSU campuses received more funds from tuition than from the state of California.

PERPETUAL TUITION INCREASES PRICE MIDDLE CLASS OUT OF COLLEGE

- CSU Trustees voted to raise fees and tuition 14 different times over past decade.
- A student who entered the CSU in 2008-09 will be charged next year almost double the amount they were charged when they started, in university fees alone.
 - The cost of a CSU degree is now more than \$40,000 excluding books and other mandatory expenses. Ten years ago, it was less than \$10,000.
- Median income for California families increased by only 25% while CSU tuition quadrupled over past 10 years.
- The Chancellor’s Office repeatedly suggests most students do not even notice the rising fees, but they do feel the pain each time tuition is raised and for years after they graduate in the form of student loan debt.
- CSU students graduate with loans averaging around \$14,000 and average annual debt burden for CSU students increased 44% between 2002 and 2009.

GETTING LESS FOR MORE

- 5 years ago CSU spent \$2.1 billion on expenditures its auditors classify as “Instruction”; in 2009-10, this dropped to \$1.9 billion.
- Last year, only 34.8% of total expenditures went to Instruction.
- Between 2008-09 and 2010-11, 8,000 courses were cut.
- Chancellor Reed argued against any legislative restrictions to protect instruction from further cuts, declaring he needed “broad discretion” to make more cuts to instruction and warning against “micromanage[ment]” from Sacramento.
- **The high tuition model replicates the approach of the private For-Profit higher education sector. With every fee increase, the CSU strays further from its mission of providing Californians an affordable, quality education.**