March 1, 2017

Honorable Holly J. Mitchell, Chair
Joint Legislative Budget Committee
State Capitol, Room 5080
Sacramento, CA 95814

Michael Cohen, Director
Department of Finance
State Capitol, Room 1145
Sacramento, CA 95814

Diane Boyer-Vine
Legislative Counsel
State Capitol, Room 3021
Sacramento, CA 95814

RE: CSU Report on Greater Statewide Degree Attainment by 2030

This letter provides a response to a 2016 Budget Act requirement related to efforts to ensure CSU students earn 480,000 bachelor degrees beyond the 1,400,000 projected to be earned by CSU students between 2015 and 2030.

Provision 3.4 of Item 6610-001-001 of the Budget Act of 2016 required the California State University (CSU) to report to the Department of Finance and to the Legislature no later than March 1, 2017 information related to any policy and budget changes that would result in an increase in the number of bachelor’s degrees awarded by the CSU by 480,000 above current projections, by 2030, including any changes to broaden eligibility, increase enrollment, or improve graduation rates. It further requests specific recommendations for actions that

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<th>CSU Campuses</th>
<th>Fresno</th>
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would improve educational attainment for students from underrepresented minority groups.

The report can be found at: http://www.calstate.edu/budget/fybudget/legislative-reports/.

Should you have any questions about this report, please contact Edward Sullivan, Assistant Vice Chancellor, Academic Research and Resources at (562) 951-4767 or esullivan@calstate.edu.

Sincerely,

Steve Kiley
Executive Vice Chancellor and Chief Financial Officer

SR:ES:skg

Full report posted to www.calstate.edu/budget/fybudget/legislative-reports/

c:  Timothy P. White, Chancellor, California State University
    Loren J. Blanchard, Executive Vice Chancellor, Academic and Student Affairs
    Garrett Ashley, Vice Chancellor, University Relations and Advancement
    Ryan Storm, Assistant Vice Chancellor for Budget
    Kathleen Chavira, Assistant Vice Chancellor, Advocacy and State Relations
    Kara Perkins, Executive Director for Budget
    Edward Sullivan, Assistant Vice Chancellor, Academic Research and Resources
ABSTRACT
As required by the Budget Act of 2016, this report discusses policy and budget changes necessary for the CSU to award 480,000 beyond the nearly 1.4 million bachelor’s degrees that will be earned by CSU students between 2015 and 2030.

California State University
March 1, 2017

TOWARDS GREATER
STATEWIDE DEGREE
ATTAINMENT BY 2030
California State University response to questions posed in the Budget Act of 2016
1 EXECUTIVE SUMMARY

As required by the Budget Act of 2016 (Senate Bill 826), this report discusses policy and budget changes necessary for the California State University (CSU) to award 480,000 more degrees than the nearly 1.4 million bachelor's degrees that will be earned by CSU students between 2015 and 2030. The report discusses assumptions, costs, and recommendations to achieve this goal, with a focus on increasing degree attainment among traditionally-underserved populations.

The CSU recognizes that the goal can be achieved through improved college completion rates, addressed in the Graduation Initiative 2025, coupled with significant growth in both new student enrollment and support in the form of new ongoing resources from the state. A conservative estimate of costs is $1.3-1.4 billion (not including infrastructure/building/refurbishment costs) to ensure that 480,000 additional students have the opportunity to earn their bachelor's degrees from the CSU by 2030.
2 INTRODUCTION

Provision 3.4 of Item 6610-001-001 of the Budget Act of 2016 required the California State University (CSU) to report to the Department of Finance and to the Legislature no later than March 1, 2017 information related to any policy and budget changes that would result in an increase in the number of bachelor's degrees awarded by the CSU by 480,000 above current projections, by 2030, including any changes to broaden eligibility, increase enrollment, or improve graduation rates. It further requests specific recommendations for actions that would improve educational attainment for students from underrepresented minority groups.

3 BACKGROUND

In October 2015, the Public Policy Institute of California (PPIC) released a report that projected a 1.1 million shortfall of bachelor degree holding Californians by 2030. The shortfall was based on the difference between projected 2030 workforce needs and projected 2030 Californians with a bachelor degree (or higher). The California State University share of the shortfall is estimated at 480,000 additional bachelor degrees earned, beyond the approximately 1.4 million bachelor degrees CSU students would earn between 2015 and 2030, if steady state enrollment and student outcomes are maintained.

4 ASSUMPTIONS

Three alternative scenarios are considered to illustrate potential degree attainment outcomes for CSU undergraduates over the next several years. Alternatives considered include (1) steady state, (2) improved graduation rates with new student enrollments at steady state, and (3) improved graduation rates and increased new student enrollments as they apply to earned bachelor degrees between 2015 and 2030. The assumptions discussed below are blind to resource commitments by the state.

4.1 STEADY STATE

Steady state assumes that current trends for enrollment and completion will continue through the 2030-31 academic year. New undergraduate enrollments would remain at 130,000 (approximately 66,000 first-time freshmen and 64,000 new undergraduate (UG) transfers). Additionally, bachelor's degree completion rates under the steady state assumption would remain at 2015 levels, without improvement.

With steady state, the CSU estimates that CSU students could earn nearly 1.4 million bachelor degrees between 2015 and 2030. The steady state assumptions set a baseline expectation for bachelor degrees earned by CSU students by over this period.

4.2 IMPROVED GRADUATION RATES / STEADY STUDENT ENROLLMENT

If new student enrollment remains level and completion rates are improved, the number of degrees earned by CSU students would increase over steady state assumptions. It is assumed that annually the
CSU will have new undergraduate enrollments of 130,000 (approximately 66,000 first-time freshmen and 64,000 new UG transfers). Outcome rates under this assumption would rise to Graduation Initiative 2025 expectations.

Gains in degrees earned initially would be slight and would grow exponentially with achievement of Graduation Initiative 2025 goals. At steady state enrollment and assuming achievement of Graduation Initiative 2025 goals, 229,000 degrees beyond the 1.4M could be earned.

4.3 IMPROVED GRADUATION RATES / INCREASED NEW STUDENT ENROLLMENT

If new enrollment increases and student outcome rates are improved, the number of degrees earned by CSU students would increase over steady state assumptions. It is assumed that annual CSU new undergraduate enrollments would grow from nearly 130,000 (approximately 66,000 first-time freshmen and 64,000 new UG transfers) to 165,000 (approximately 80,000 first-time freshmen and 85,000 new UG transfers). This assumption presumes that student outcomes rates would align with Graduation Initiative 2025 expectations.

Gains in degrees earned initially from new student growth would be slight and would grow exponentially with achievement of Graduation Initiative 2025 goals. With increased new undergraduate student enrollment and Graduation Initiative 2025 goals achieved, 481,000 degrees beyond the 1.4 million would be earned. Significant gains in earned degrees would occur between 2025 and 2030 as both new student enrollment and outcomes would both be at historic peaks.

5 POLICY AND BUDGET CONSIDERATIONS

Success is not achieved accidentally. Through the Graduation Initiative 2025, the CSU has reinforced its commitment to student success. The initiative builds on prior successful efforts by the university to improve student outcomes, shorten time to degree, and to eliminate outcome gaps.

Sustaining and extending these gains requires ongoing campus innovation coupled with commitments of state resources to (1) ensure all students are able to enroll in the courses they need, (2) constantly analyze, through evidence, the efficacy of academic support and development programs – supporting only those with the best return-on-investment, (3) ensure financial need does not impede student success, (4) relentlessly identify and remove unnecessary administrative barriers that slow or prevent students from progressing toward degree, and (5) provide all CSU students, including those who arrive academically underprepared, the opportunity and support needed to complete 30 college-level semester units – 45 quarter units – before beginning their second academic year.

Additionally, the CSU recognizes that improvements in student outcomes alone would not be sufficient to fully address the anticipated 480,000 bachelor degree deficit (CSU share) projected by PPIC in late 2015. Significant enrollment growth and further commitments of state resources would be required to ensure that any growth in new student enrollment does not impact the progress of continuing CSU students.
5.1 GRADUATION INITIATIVE 2025
Graduation Initiative 2025 is the CSU's signature endeavor aimed at increasing degree completion rates and eliminating achievement gaps, thereby ensuring student success and meeting the future workforce needs of the State of California. At the September 2016 Board of Trustees meeting, the Board heard a detailed report on Graduation Initiative 2025 and voted to approve the CSU’s ambitious student completion and equity targets, which include:

- A 40 percent 4-year freshman graduation rate goal;
- A 70 percent 6-year freshman graduation rate goal;
- A 45 percent 2-year transfer graduation rate goal;
- An 85 percent 4-year transfer graduation rate goal;
- The elimination of achievement gaps throughout the CSU; and,
- The elimination of opportunity gaps (the gaps that exists between Pell-eligible students and their peers) throughout the CSU.

The CSU estimates that the Graduation Initiative 2025 will need between $400-500 million in new permanent state funding to meet student outcomes goals. The estimate does not include the cost of new or updated university facilities.

5.2 ENROLLMENT GROWTH
It would be necessary to increase student enrollment to achieve the goal of an additional 480,000 bachelor degrees earned by CSU students. Enrollment growth is best achieved and accommodated through predictable funding allocations over a period of years reflecting a shared commitment by the university and the state.

The growth in each entering class becomes an ongoing commitment of new resources for four consecutive years (freshmen) and two consecutive years (transfers). Thus, achieving a “step” in growth for a freshman class requires four commitments, and in a transfer class, two commitments, of new permanent enrollment funding.

New student enrollment would need to grow from 66,000 to 80,000 new freshmen and from 64,000 to 85,000 new transfers annually by 2022-23. The change reflects an increase 35,000 new students annually (14,000 freshmen and 21,000 transfer). The net CSU enrollment growth resulting from the subsequent continuation of these larger entering cohorts would be 98,000 students.

The CSU estimates that new student enrollment growth would require approximately $895 million in new permanent state funding for additional instructional and supportive service needs (see appendix 8.5 for marginal cost estimates based on enrollment growth assumptions). The estimate does not include the cost for new or updated university facilities.

5.3 FACILITIES
To provide some context for academic facility needs, the CSU Five-Year Facilities Renewal and Capital Improvement Program 2017-18 through 2021-22 approved by the board of trustees in November 2016, identifies a need of $12.5 billion for academic and self-support projects to support the instructional
program. Of this amount, academic projects total $7.4 billion and self-support (student housing, parking, etc.) totals $5.1 billion.

The campus projects were prepared and prioritized based on existing and projected need and do not incorporate plans to accommodate an enrollment increase to serve new student enrollment growth (section 5.2 above) to address the 480,000 additional bachelor degrees by 2030. The academic projects (in the five-year plan that total $7.4 billion) would improve existing facilities and infrastructure and provide new capacity space to serve 16,500 academic year full-time equivalent students.

5.4 ELIGIBILITY CHANGES

The most recent California Higher Education Eligibility Study was completed in December 2008, reflecting outcomes for the 2007 California high school (HS) graduating class. Today, the CSU minimum admissions eligibility standards for first-time freshmen remain as they were in 2007. The Budget Act of 2015 required the Governor’s Office of Planning and Research to complete a new Higher Education eligibility study by December 1, 2016. The results (preliminary or final) of the current study are not available to the CSU.

In 2007, 126,500 public high school graduates (35.5% of the graduating class) completed all necessary high school coursework to become CSU admission-eligible, known as A-G requirements, increasing to 185,000 (43.4% of the graduating class) in 2015. During the same period, the entering freshman class grew in size 53,700 to 65,600. Due to budgetary constraints and physical campus and program limitations, an additional 20,000 eligible freshman applicants were not admitted to the CSU.

Review of Department of Finance K-12 projection data suggests that HS graduates are expected to remain flat in the short term before increasing to a peak of 445,000 in 2023-24. Overall 37 counties will see an increase in the number of high school graduates by 2025-26 [State of California, Department of Finance, California Public K-12 Graded Enrollment and High School Graduate Projections by County, 2016 Series, Sacramento, California, December 2016]. The projections do not reflect on changes in A-G student eligibility, which has increased by eight percentage points since 2007. The combination of HS graduating classes at or near historic peaks coupled with growing A-G rates signal a strong pipeline of students (both from HS and California community colleges) for the next decade (length of current Department of Finance projection).

It is possible that the ongoing Higher Education eligibility study will determine that freshman eligibility standards should be adjusted to reflect only the top third of the graduating HS class (rather than potentially the top 43.4% that are currently A-G eligible). An increase in the eligibility standard would limit freshman growth, but at the same time would likely amplify transfer growth potential. Increased eligibility thresholds would also change (likely shorten) the time required to achieve Graduation Initiative 2025 outcome goals. It is likely that changes in eligibility would have limited to minor impacts on attaining the overall goal of having 480,000 additional students earning a bachelor degree between 2015 and 2030.
6 RECOMMENDATIONS TO IMPROVE ATTAINMENT AMONG TRADITIONALLY UNDERSERVED GROUPS

The CSU recognizes the importance of improving degree attainment among all students. The Graduation Initiative 2025 specifically focuses on eliminating gaps through improving the outcomes of traditionally underserved students. Increased degree attainment among traditionally underserved groups requires improved student preparation, access to the university with an authentic opportunity to succeed, improved student retention, improved time to degree, and improved overall graduation rate outcomes. Preparation, mentorship, and support (academic and student affairs) form the foundation from which improved degree attainment can be achieved.

6.1 PREPARATION

Students' academic preparation provides the foundation for success in college coursework. The CSU is committed to increasing student preparation. This is evidenced by the number of CSU campuses that have programs and partnerships with K-12 schools and community colleges in their service areas in order to support growing a pipeline of students who arrive college-ready. A rich K-12 and/or California community college experience prepares students for the academic rigor they will face at the CSU. The ability to begin their studies “college ready” increases the likelihood of attainment.

6.1.1 Increasing A-G eligible populations

Minimum standards for admissions require preparation in select academic disciplines. Differences remain by ethnicity-race in the percentage of HS graduates that have completed A-G requirements. Traditionally underserved HS graduates lag other graduates on A-G eligibility by more than fifteen percentage points (i.e. 2015 graduating CA public HS class). Gains by traditionally underserved groups in A-G completion will increase the pool of traditionally underserved students eligible to enroll as freshmen in the CSU and also increase the California community college pipeline with students that will enter the CSU as transfers. Improved A-G outcomes rely on existing and future gains in K-12 academic performance.

6.1.2 CSU partnerships with K-12 and community colleges

CSU promise partnerships like the Long Beach Promise, Oakland Promise, Central Valley Promise, Santa Ana Adelante, San Marcos Promise, Canoga Park Initiative, and the South Bay Promise provide priority pathways for HS graduates to the CSU (either directly as freshmen or following studies at partnered community college paths). These programs benefit from better curricular alignment and ongoing student support and outreach.

The CSU also partners with K-12 schools and districts to provide in-service training and professional development for teachers. Through these efforts and current efforts with students in our credentialing programs, improved K-12 student outcomes and preparation are expected. These efforts will enhance our freshman and transfer access pipelines eventually creating increased bachelor degree attainment among traditionally underserved populations.
6.1.3 Early Assessment Program (EAP) and Early Start (ESP)

EAP was developed in collaboration with the State Board of Education (SBE), the California Department of Education (CDE) and the CSU in an effort to reduce the need for remediation of entering first year classes. The program established a mechanism for students to receive a measure of their readiness for college-level English and mathematics in their junior year of high school, and facilitate opportunities for them to improve their skills during their senior year.

The CSU Board of Trustees adopted ESP in 2010. The program began in summer 2012. Freshmen who do not demonstrate college-readiness in mathematics, English or both subjects are required to begin to address these deficiencies in the summer before their first term. ESP courses provide the targeted foundation necessary for increasing student preparation in mathematics and English. Students choose from a 1-unit introductory course at minimum or a 3- or 4-unit course that will provide more in-depth preparation.

The CSU has historically worked to improve academic preparation and readiness in mathematics and English of new students. Through the EAP, ESP, and other academic preparation efforts, the CSU continues to provide students an opportunity to begin their first term of enrollment better prepared for the academic challenge and rigor they will encounter.

6.2 Mentorship by Faculty, Staff, Peer and Alumni Organizations

For fall 2016, more than half of new CSU undergraduates from traditionally underserved backgrounds (and their siblings) seek to be among the first generation of their family to earn a bachelor’s degree. Faculty, staff, peer, family, and alumni mentors provide insights on academic, social, and career paths beyond the student’s lived experience. Mentors help students develop a deeper connection to their University, their fields of study, and the various opportunities that otherwise might not be realized by students with limited family experience in higher education.

Mentors can help frame the opportunities that arise from both successes and failures. They offer a greater breadth of understanding academically, socially, and beyond the university experience. Through these connections, skills like sense of belonging and perseverance are reinforced and improved achievement is attained among traditionally underserved students.

6.3 Academic and Student Affairs Support

Efforts that ensure students can achieve the academic rigor required of their chosen programs is integral to success. Interventions range from curricular to advisement to tutoring/supplemental instruction to counseling. Quality and timeliness of these efforts are also critical.

Similarly, improving students’ sense of belonging positively impacts student outcomes for all students. Universities bring together persons from diverse perspectives in a setting that is often very different from their K-12 and, in some cases, community college experience. The ability for a new student to locate campus resources, establish peer groups, acclimate to the academic rigor of coursework, balance life demands with those of being a college student, and recognize that they are equally, if not more, capable of success as peers around them, affects their likely success. CSU campuses actively facilitate development of student sense of belonging and connectedness through enriching educational experiences and academic and socially-focused programs.
By ensuring success in and outside of the classroom, student paths to degree attainment become clearer. The connectedness of our students to their university elevates their likelihood of progress and success. This remains an important consideration in improving attainment by traditionally underserved students.

7 CONCLUSION

The CSU is committed to the success of our students and their contributions to the betterment of California. CSU graduates remain central to the success of California and its' workforce. Appropriately resourced, the CSU can and would be able to contribute its' share (480,000 bachelor's degrees) of the 1.1 million bachelor's degrees in 2030, as projected by PPIC.

If appropriately funded, we expect that our graduation initiative efforts will result in improved attainment and shorter time to degree. Large gains in attainment will occur between 2020 and 2030 with minor but important gains realized between now and 2020 through achievement of Graduation Initiative 2025 goals. Additional gains in degrees earned could be possible if budgetary resources become available to increase new student enrollments by 2022-23.

Central to our graduation initiative efforts is the goal of eliminating existing gaps in student outcomes. These efforts directly affect the percentage of traditionally underserved Californians that have earned a bachelor's degree or higher. Through investment in the CSU, California commits to the ongoing development of an increasingly educated highly qualified diverse workforce, and benefits from the opportunities that present themselves over the next decades.
8 APPENDICES

8.1 COVER PHOTO CREDIT
CSU Fullerton students walking to class (spring 2017) by Matthew Gush

8.2 LINKS EMBEDDED IN THE REPORT
Graduation Initiative 2025
https://www2.calstate.edu/csu-system/why-the-csu-matters/graduation-initiative-2025/Pages/default.aspx

PPIC October 2015 report
http://www.ppic.org/main/publication_quick.asp?i=1166

2008 California Higher Education Eligibility Study

State of California, Department of Finance, California Public K-12 Graded Enrollment and High School Graduate Projections by County, 2016 Series. Sacramento, California, December 2016
http://dof.ca.gov/Forecasting/Demographics/Projections/Public_K-12_Graded_Enrollment/

Long Beach Promise
http://www.longbeachcollegepromise.org/

Oakland Promise
http://www.oaklandpromise.org/

Central Valley Promise

Santa Ana Adelante
http://www.sac.edu/StudentServices/SantaAnaAdelante/Pages/default.aspx

San Marcos Promise
http://thesanmarcospromise.org/

Canoga Park Initiative
https://www.canogaparknc.org/2015/02/csun-creates-scholarship-program-for-canoga-park-residents/

South Bay Promise
### 8.3 New Student Growth Assumptions

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### 8.4 Degree Completion Estimates

Estimates of degrees earned by 2030 by freshmen entering fall 2009 or later and new undergraduate transfers entering fall 2011 or later.

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<td>87,863</td>
<td>105,251</td>
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<tr>
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<tr>
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<tr>
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<td>108,437</td>
<td>137,684</td>
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<tr>
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<td>2026-27</td>
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<tr>
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<td>69,394</td>
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<tr>
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<td>55,850</td>
<td>70,910</td>
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</table>

Cumulative Total through 2030: 1,397,619

Table reflects contribution to degrees earned between 2015 and 2030 by students entering as First-time Freshmen in fall 2009 or later and as New UG Transfers in fall 2011 or later.

Students entering as freshmen prior to fall 2009 and undergraduate transfers entering prior to fall 2011 are not reflected in degree earned totals shown. They will provide a small augment the cumulative degrees earned between 2015 and 2030.

2025-26 and later freshman cohorts and 2027-28 and later transfer cohorts completions are limited to those occurring in 2030 or earlier. Additional degrees will be earned by these students beyond the 2030 measurement point.
### 8.5 Marginal Cost Projections

<table>
<thead>
<tr>
<th>Cohort Entry Year</th>
<th>Annual New Student Total (Steady State)</th>
<th>(a) Additional New Freshmen and Transfers (if Growth Funded)</th>
<th>(a+b) Annual New Student Total (if Growth Funded)</th>
<th>(c) New freshman growth offset starting 2021-2022 due to attrition / graduation</th>
<th>(d) New Transfer growth offset starting 2019-20 due to attrition / graduation</th>
<th>(a+b) minus (c+d) Growth to be funded</th>
<th>(e) Est. Marginal Cost per New Student (GF portion)</th>
<th>(e*[(a+b) minus (c+d)]) Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>130,000</td>
<td>10,000</td>
<td>140,000</td>
<td>18,000</td>
<td>10,000</td>
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<tr>
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<td>147,000</td>
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<tr>
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<tr>
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</tr>
<tr>
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<td>30,000</td>
<td>6,000</td>
<td>$9,800</td>
<td>$86,800,000</td>
</tr>
</tbody>
</table>

Total: 98,000

$895,604,000

In the table, transfer growth funded in 2017-18 is used to offset growth needed (column b) in 2019-20. Each subsequent funded cohort is deducted and reflected in column (d). Similarly, freshman growth offset is begin in 2021-22 with freshman growth funded in 2017-18. Each subsequent funded cohort is deducted and reflected in column (c). Steady state (no additional growth to fund) at 165,000 new undergraduates annually is achieved in 2026-27.