

California fiscal analyst calls for more efficiency in higher education

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As California receives more [tax revenue](#), the state's top fiscal analyst Tuesday questioned Gov. Jerry Brown's plan to send more money to public universities without demanding specific improvements.

The nonpartisan [Legislative Analyst's Office](#) portrayed the state's higher education systems – and particularly its elite [University of California](#) campuses – as inefficient programs that must do more to cut costs.

The analyst's office suggested that state universities rely on an outdated instruction model that is too expensive to sustain, namely "a faculty member with an advanced degree teaching a relatively small number of students in a physical setting."

It said the research-oriented University of California does not demand enough teaching of its professors. It also said the California State University system must rein in retirement costs and cap the number of units students can take, some of which CSU is already pursuing.

Brown's budget calls for a 13 percent increase in higher [education funding](#) over last year, a share of which is tied to [tax hikes](#) that voters approved in November. The governor also wants to increase funding for universities in future years.

The analyst's office recommended that lawmakers reject that approach and instead demand that universities make better use of the [tax dollars](#) they already receive. It said that if lawmakers must increase higher [education funding](#), they first should use those dollars toward paying off [existing debt](#), reducing pension liabilities and reversing community college deferrals.

"Why the state would invest more in a system that is high cost and has poor outcomes without requiring explicit improvement is unclear," the report states.

If California does devote more money to higher education programs, LAO suggested that the state demand improvement in areas like [graduation rates](#), reducing [dropout rates](#) and cutting costs. It pointed to online courses as a potential mechanism, an area that Brown and state lawmakers are already examining.

The analyst's office and Brown generally agree that the universities must do more to contain costs. But the analyst's office is unconvinced that Brown's budget holds universities accountable.

In a statement, Brown's Department of Finance spokesman H.D. Palmer disputed that characterization: "His plan ties increases in higher [education spending](#) to improved outcomes, including no [tuition increases](#) and improved student success that will allow students to complete their degree in a more timely manner and graduate with less debt."

The university systems have seen dramatic state cuts since 2007-08, and their leaders have said they imposed various cuts on top of tuition hikes. Brown's 2013-14 budget would increase general fund spending for UC and CSU to \$2.8 billion each, still below the peak but more than 10 percent beyond what they received two years ago.

The analyst's office seems to direct its harshest complaints at the [UC system](#), which it says spends 20 percent more per student than its national counterparts. The report cites three factors that could be to blame: low workload expectations for faculty, greater focus on expensive science programs than peers and high compensation.

LAO higher education analyst Judith Heiman said some schools elsewhere have begun devoting more faculty time to teaching in an effort to reduce costs. "When we pay for an undergraduate student to attend UC," Heiman said, "we're paying for another unit of research as well."

UC spokesman Steve Montiel said the system is reviewing the LAO report and had no immediate comment.

The analyst's office recommends that lawmakers reject Brown's proposed tuition freeze for four years – a freeze that state taxpayers would fund. The LAO says that would help current students but would put future students at risk of greater tuition volatility. It also says that having the state shoulder cost increases would give families less incentive to hold the universities accountable for containing costs.

The LAO instead recommends that the Legislature create a formula that ties tuition and fees to a share of educational costs. If costs go up, tuition and fees rise accordingly.

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