California Higher Education Undergraduate Capacity Assessment

Analysis prepared by McKinsey & Company
and commissioned by College Futures Foundation

OCTOBER 2019

Executive summary

- **In 2030, 144k students eligible for 4-year degrees may be unable to enroll in a Bachelor's degree program.** This is largely due to capacity gaps in the UC/CSU system.
- **The surplus of 44k seats at 2-year institutions, plus capacity at private 4-year institutions, could be leveraged to reduce the 4-year program capacity gap.**
- **There will be a capacity gap for 4-year degrees across the Los Angeles (16k), Central Valley (14k), and Inland Empire (20k) regions.** LA's 2-year degree granting institutions will have a sufficient surplus of seats to absorb excess demand for 4-year degrees. This is not true for the Central Valley or the Inland Empire.

Contents

Objectives and content for this capacity assessment

Objective: This assessment lays the foundation for intersegmental collaboration based on an **understanding of demand and capacity for higher education in California**

What this capacity assessment is …

- A **directional estimate of demand for undergraduate programs** using available data at the state and regional level
- A perspective on **key factors driving undergraduate demand**, e.g. how demographic changes affect high school graduation rates
- A perspective on **how capacity affects the distribution of students across systems** at the state level
- A perspective **on how capacity may change over time** and **drivers of the capacity gap** over the next 10+ years

…and what it is not

- A **precise projection of demand for undergraduate programs** for every system
- An **assessment of degree completion** and **educational outcomes** for undergraduate programs
- A **predictor of budget allocation and funding needs across systems**
- A **full regional assessment** for all metropolitan statistical areas (MSA) in California

The capacity assessment includes a statewide view and a deep dive on three prioritized regions

1. **Statewide capacity**
2. **Regional capacity**
   - a. **Los Angeles-Long Beach-Anaheim**
   - b. **Central Valley**
   - c. **Inland Empire**

The undergraduate capacity assessment is predicated on 6 methodological choices and 3 key beliefs about higher education in California

Details to follow

Metho-dological choices	1	Demand projections are expressed in **headcounts, which can be converted to FTE** using ratios of part-time to full-time students in each system
	2	Demand projections **do not include extension programs for adult learners**
	3	Capacity assessment **focuses on new students** and does not incorporate outcomes or degree production
	4	**Capacity projections are based on historical enrollment patterns for new students** and do not rely on the utilization formula for available physical facilities
	5	Labor market supply and demand for employees is based on **historical patterns for graduates with relevant degrees and new job openings compounded arithmetically**
	6	Regional demand for undergraduate degrees includes demand from high school graduates, transfer students, and adults residing in that MSA. **Demand from other regions in CA is not included in projections or calculations of the capacity gap**
Key beliefs	1	**There will be no meaningful migration into or out of the state nor into or out of the prioritized regions between today and 2030,** therefore today's K-12 enrollment is an accurate estimate of high school seniors through 2030
	2	**True demand for 4-year programs equals all UC/CSU eligible graduates from high schools, all transfer-ready community college enrollees,** and non-eligible high school graduates and adults seeking 4-year programs
	3	If adult learners demand higher education in CA, **they will demand degrees from institutions in their region of residence**

The capacity assessment uses a 2-step methodology for projecting demand for 2- and 4-year degrees in California through 2030

	Methodology	State assessment	Regional assessment
Demand	▪ **Step 1 – Demand as function of eligibility** – Demand for 4-year programs is based on UC/CSU eligibility, transfer readiness and students joining 4-year private programs – Demand for 2-year programs is based on historical enrollment patterns for non-UC/CSU eligible high school students and adult learners	✓	✓
	▪ **Step 2 – Demand redistribution due to capacity constraints** – Demand for 4-year programs at UC/CSU is capped by capacity – Students who do not attend UC/CSU are redistributed across other systems based on historical enrollment	✓	▪ No demand redistribution due to lack of information
Capacity	▪ Baseline capacity assumes **current maximum capacity with no additional growth** – **Current maximum capacity is the 5-year peak of enrollment[1]** – UC/CSU are analyzed at the campus level – CCCs and private institutions are analyzed at the system level	✓	✓

1 For CCC capacity was calculated based on the enrollment peak on 2010 as a proxy for maximum capacity. Total enrollment has declined since then and community colleges report operating under capacity.

Contents

There is a projected gap of ~100k undergraduate seats in the baseline scenario

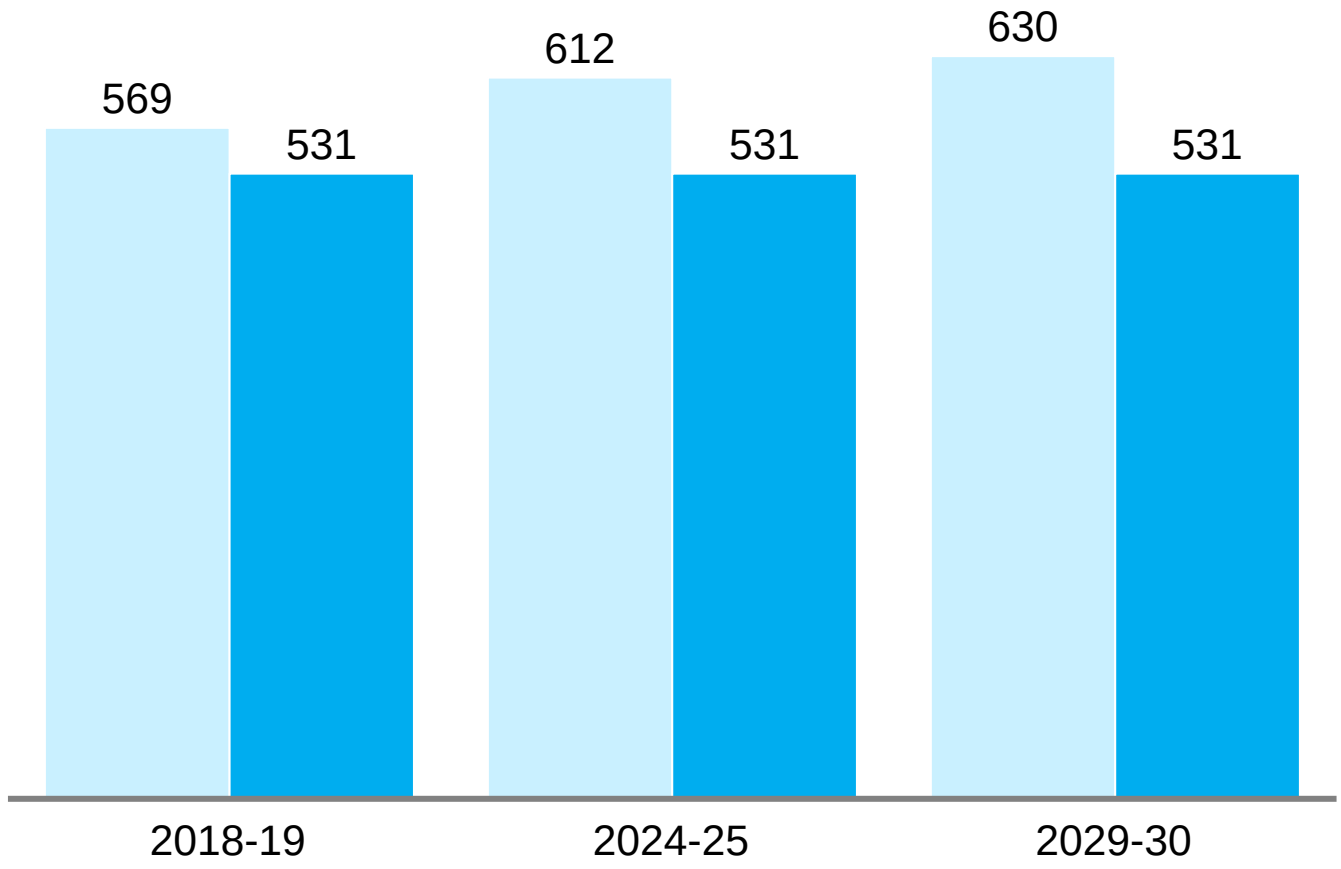
Focus for this document

Scenarios	Rationale	Demand 2029-30 # of students, thousands	Capacity 2029-30 # of students, thousands	Gap 2029-30 # of students, thousands
Low demand	▪ **Decreased demand** driven by **stagnant student outcomes** and **low unemployment rates,** meaning fewer adults return to school and more high school graduates enter the labor market ▪ **Maximization of current capacity based on** 5-year historical enrollment peak or reported current utilization. Additional increases in capacity are based on past 5-year average annual increase in enrollment across systems	552	531	-21
Baseline scenario	▪ **Increased demand** driven by **improved high school student outcomes** and **increased transfers** from ADT and guided pathways ▪ **Same as above**	630	531	-99
High demand	▪ **Increased demand** driven by **improved high school student outcomes** and **adult learners returning for upskilling/ reskilling** in a recession scenario ▪ **Same as above**	678	531	-147

There is already an undergraduate capacity gap today and this gap will grow by 2030

Projected demand for higher education in CA through 2030

Number of students, thousands



Capacity gap

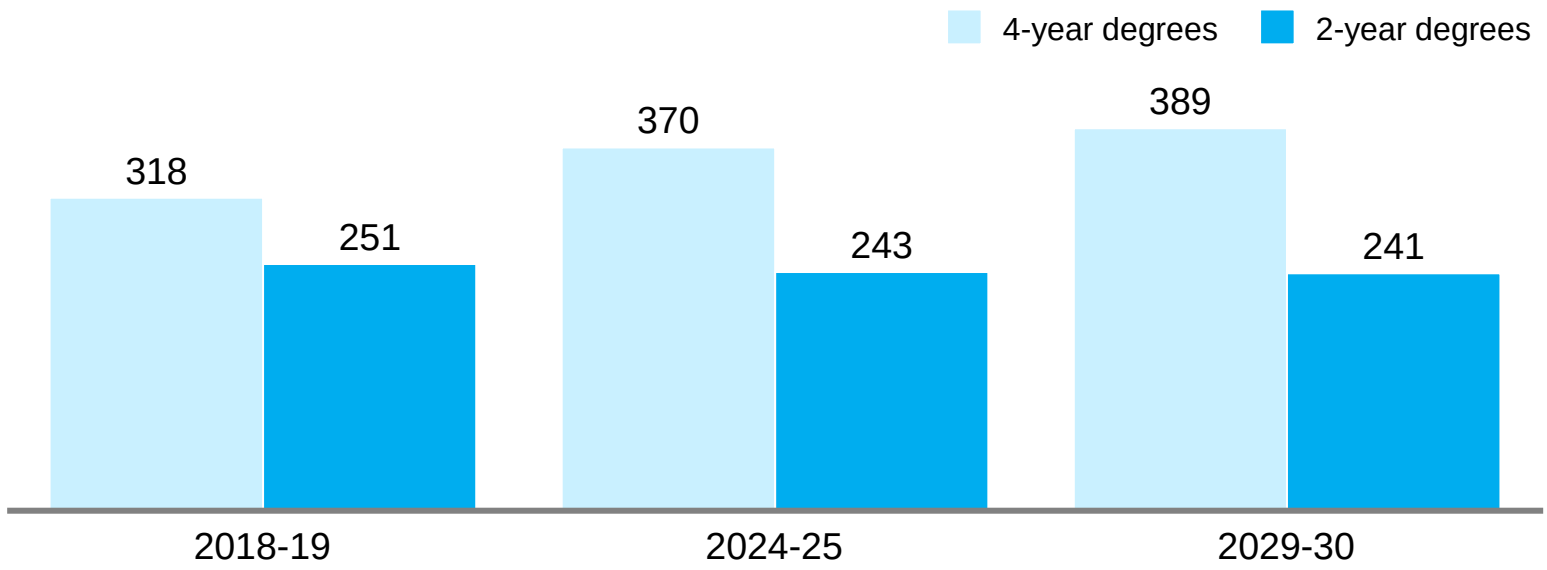
-39k | -81k | -99k

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

This capacity gap is driven by demand for 4-year degrees from UC/CSU eligible students

Projected annual demand for higher education in CA by type of degree through 2030

Number of students, thousands



	2018-19	2024-25	2029-30
Capacity gap for 4-year degrees	-73	-124	-144
Capacity gap for 2-year degrees	+34	+43	+44
Net capacity gap for both systems	-39	-81	-100

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

Student and labor market demand for 4-year degrees (relative to a 2-year degree) will closely align in 2030, but capacity will not

Capacity and demand ratios, 4-year to 2-year degrees

Carnevale estimate of US labor, 2020	**4:3**
EDD estimate of California job openings, 2027	**2:1**
McKinsey estimate of California job openings, 2030	**2:1**
Student demand for degrees in California, 2030	**389:241** (3:2)
Capacity for degrees in California, 2030	**245:278** (1:1)

- **Student and labor market demand for a 4-year degree will closely align in 2030, but capacity will not**
- **144k students in California** who will be qualified to pursue a Bachelor's degree that could fill skilled jobs in the state **may not reach their potential because of limited 4-year capacity**

SOURCE: BLS, EDD, IPEDS, Georgetown Center on Education and the Workforce

The statewide capacity assessment includes 2 key analyses

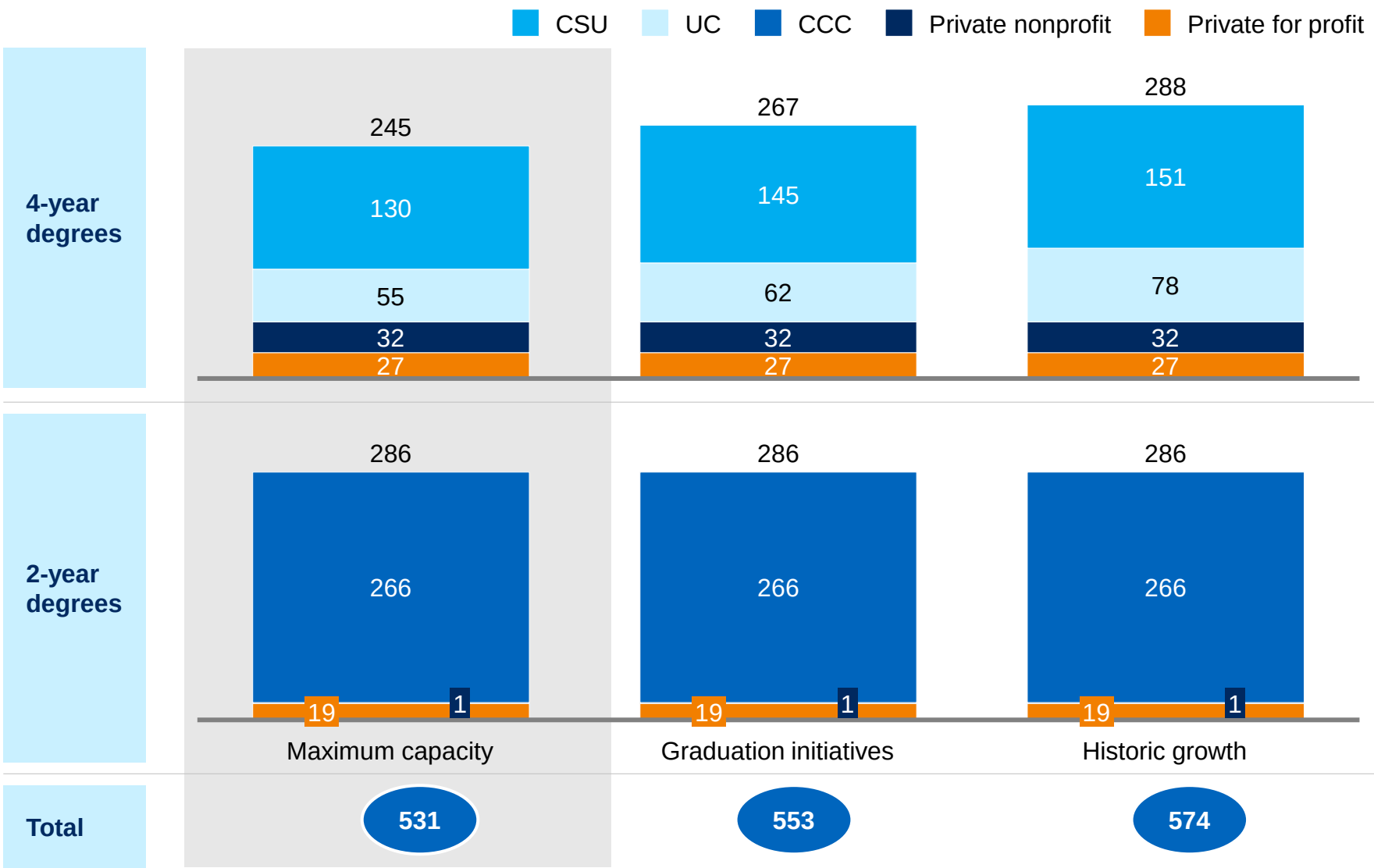
1. Capacity for higher education in CA
2. Demand of higher education in CA

1 In the baseline scenario, capacity is ~530k for new students

Baseline scenario

New in-state student enrollment capacity, 2029-30

Number of students, thousands

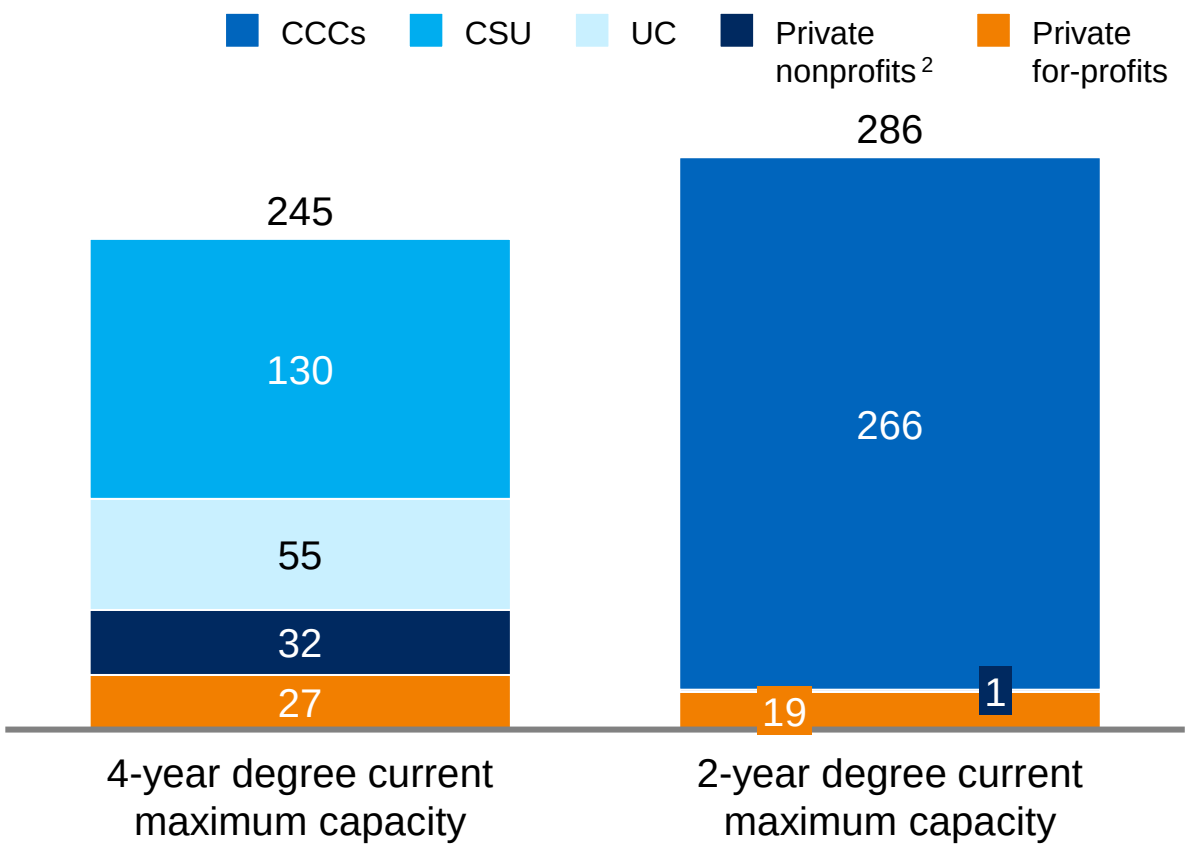


SOURCE: IPEDS, UD Datacenter , CSU Datacenter

1 Current maximum capacity of 245k seats for 4-year degrees and 286k seats for 2-year degrees is assumed to remain constant through 2030

New in-state student capacity, 2029-30

Number of students (headcount), thousands



- **Baseline scenario assumes the current maximum capacity**, calculated from the 5-year peak in enrollment[1]. No additional seats are included given uncertainty about budget allocation in coming years
- **For UC and CSU institutions, a ~13% capacity increase could come from graduation initiatives based on CSU analyses.** This will decrease the 4-year capacity gap from 144k to 122k

1 1 For CCC capacity was calculated based on the enrollment peak on 2010 as a proxy for maximum capacity. Total enrollment has declined since then and community colleges report operating under capacity | 2 Independent institutions

SOURCE: UC InfoCenter, CSU statistical reports, IPEDs, Datamart

1 Baseline capacity projections for new in-state students are based on the past 5-year peak of enrollment

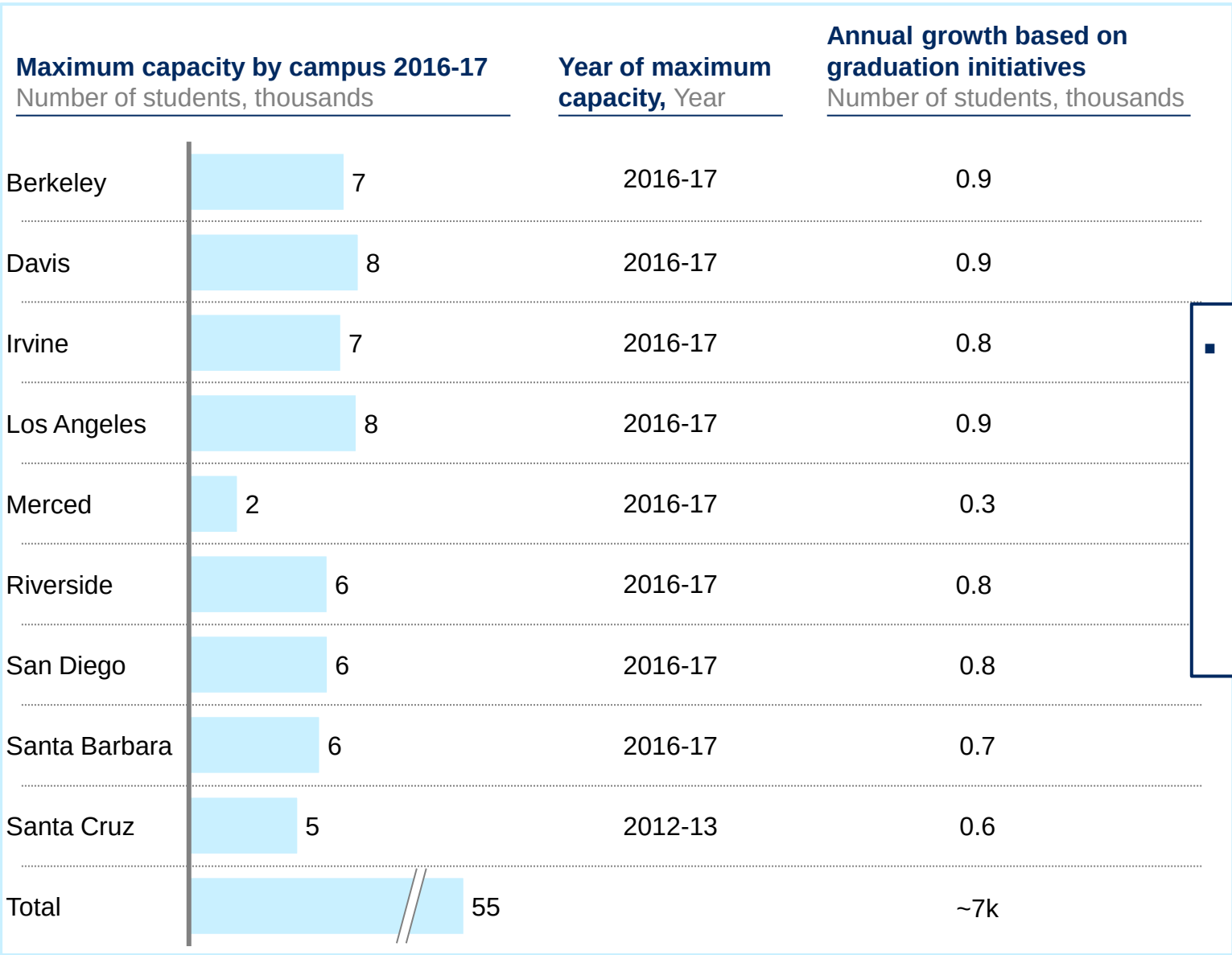
Baseline scenario

	Description	Current maximum capacity	Graduation initiatives growth scenario	Historical growth scenario
A	UC	▪ Capacity based on **fall term freshmen** and **12 month transfer** enrollment by campus	▪ **Increase of 1%** of new student enrollment in 2016-17[1] per year	▪ Average growth over 5 years, 2012-17
B	CSU	▪ Capacity based on **fall term freshmen** and **12 month transfer** enrollment by campus	▪ **Increase of 1%** of new student enrollment in 2017-18 per year	▪ Average growth over 5 years, 2012-17
C	CCC	▪ Capacity based on **fall term freshmen system-wide** enrollment since 2010[2]	▪ **No increase** given no graduation initiatives being implemented	▪ **No increase** given that 5-year average annual enrollment change was negative (-3k)
D	Private non-profits	▪ Capacity based on **fall term freshmen** and **fall transfer** enrollment system-wide	▪ **No increase** given no graduation initiatives being implemented	▪ **No increase** given that 5-year average annual enrollment change was negative (-1k)
E	Private for-profits	▪ Capacity based on **fall term freshmen** and **fall transfer** enrollment system-wide	▪ **No increase** given no graduation initiatives being implemented	▪ **No increase** given that 5-year average annual enrollment change was negative (-2k)

1 2016-17 enrollment figures were used as 2017-18 were preliminary | 2 Given that enrollment has declined in the past 5 years and CCC are reporting being underutilized, current maximum capacity was calculated based on 2010 freshman enrollment figures

SOURCE: IPEDS, UD Datacenter , CSU Datacenter

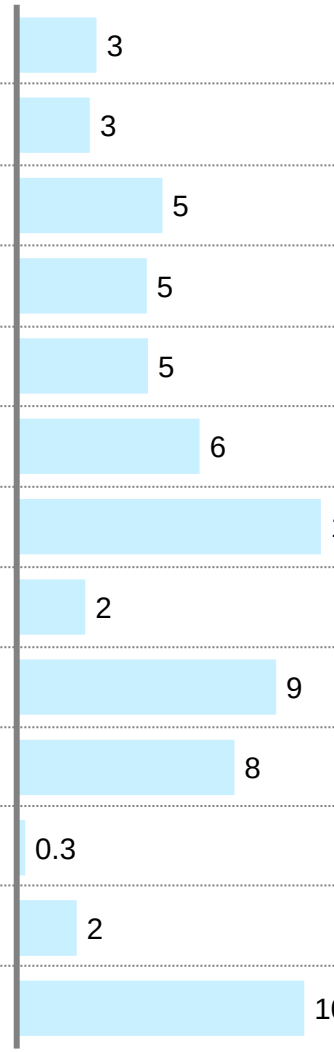
1A Baseline capacity for new in-state students at UC is ~55k



- Successful **graduation initiatives can grow capacity by 1% per year,** adding ~7k additional seats up to a total of **~62k seats by 2030**

SOURCE: : UC statistical reports

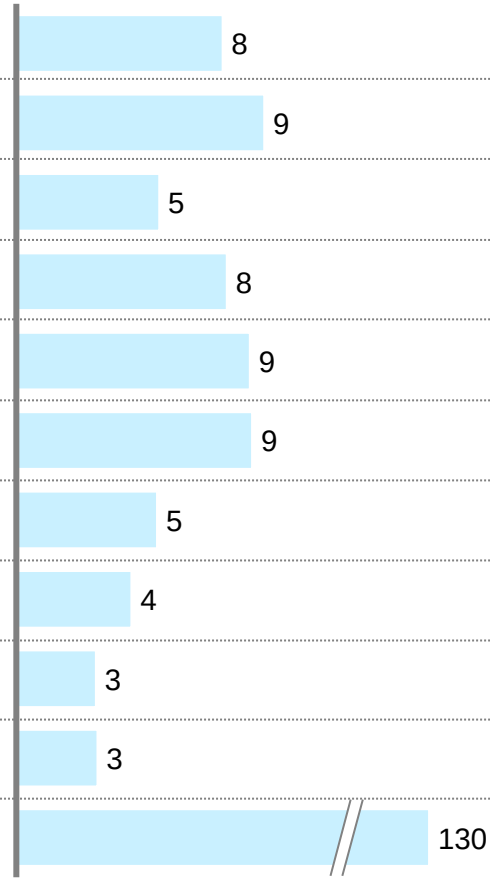
1B Baseline capacity for new in-state new students at CSU is ~130k (1/2)



Maximum capacity by campus 2017-18 Number of students, thousands	**Year of maximum capacity,** Year	**Annual growth based on graduation initiatives** Number of students, thousands	**Enrollment as % of funded target,** 2017-18
Bakersfield 3	2017-18	0.3	9.7%
Channel Islands 3	2017-18	0.3	3.3%
Chico 5	2017-18	0.6	3.5%
Dominguez Hills 5	2017-18	0.6	5.5%
East Bay 5	2017-18	0.6	-0.8%
Fresno 6	2016-17	0.7	6.9%
Fullerton 10	2016-17	1.2	7.1%
Humboldt 2	2016-17	0.3	-5.2%
Long Beach 9	2016-17	1.0	0.6%
Los Angeles 8	2016-17	0.8	22.2%
Maritime Academy 0.3	2016-17	0.03	-13.7%
Monterey Bay 2	2017-18	0.3	7.2%
Northridge 10	2017-18	1.2	8.9%

SOURCE: : CSU statistical reports, CSU 2017-18 Final Budget Allocations

1B Baseline capacity for new in-state new students at CSU is ~130k (1/2)



Maximum capacity by campus 2017-18 Number of students, thousands		**Year of maximum capacity,** Year	**Annual growth based on graduation initiatives** Number of students, thousands	**Enrollment as % of funded target,** 2017-18
Pomona	8	2016-17	0.8	13.8%
Sacramento	9	2016-17	1.0	8.6%
San Bernardino	5	2016-17	0.6	4.8%
San Diego	8	2016-17	0.9	0.7%
San Francisco	9	2017-18	1.0	-0.2%
San Jose	9	2017-18	1.0	6.6%
San Luis Obispo	5	2017-18	0.6	4.0%
San Marcos	4	2017-18	0.5	16.3%
Sonoma	3	2016-17	0.5	0.9%
Stanislaus	3	2017-18	0.4	8.7%
Total	130		**~15k**	

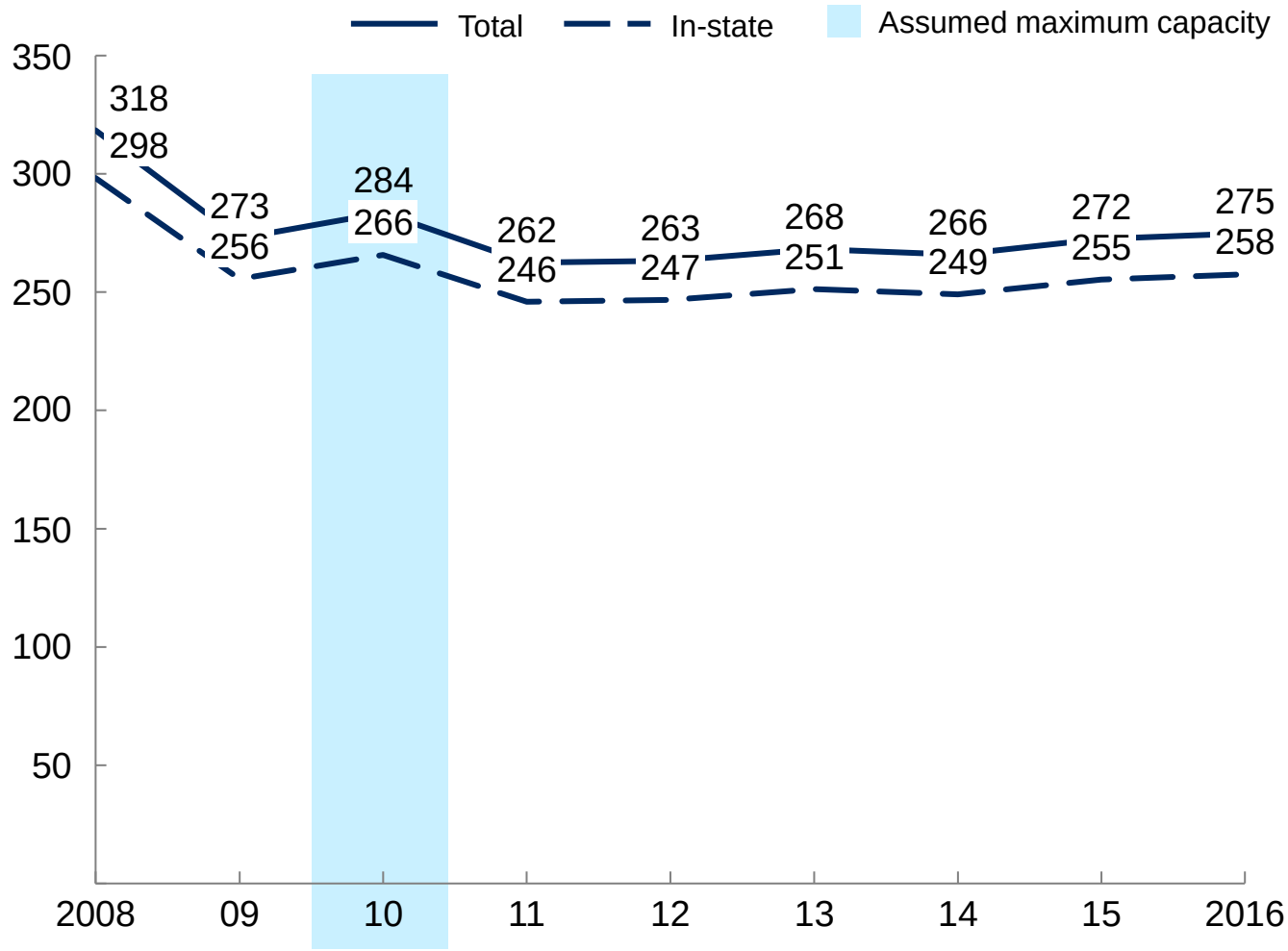
Successful **graduation initiatives can grow capacity by 1% per year,** adding ~15k additional seats up to a total of **~145k seats by 2030**

SOURCE: : CSU statistical reports, CSU 2017-18 Final Budget Allocations

1C Maximum in-state capacity for community colleges is ~260k based on the enrollment peak over the past 5 years

Historical enrollment for new students in community colleges, 2008-16

Number of students (headcount), thousands

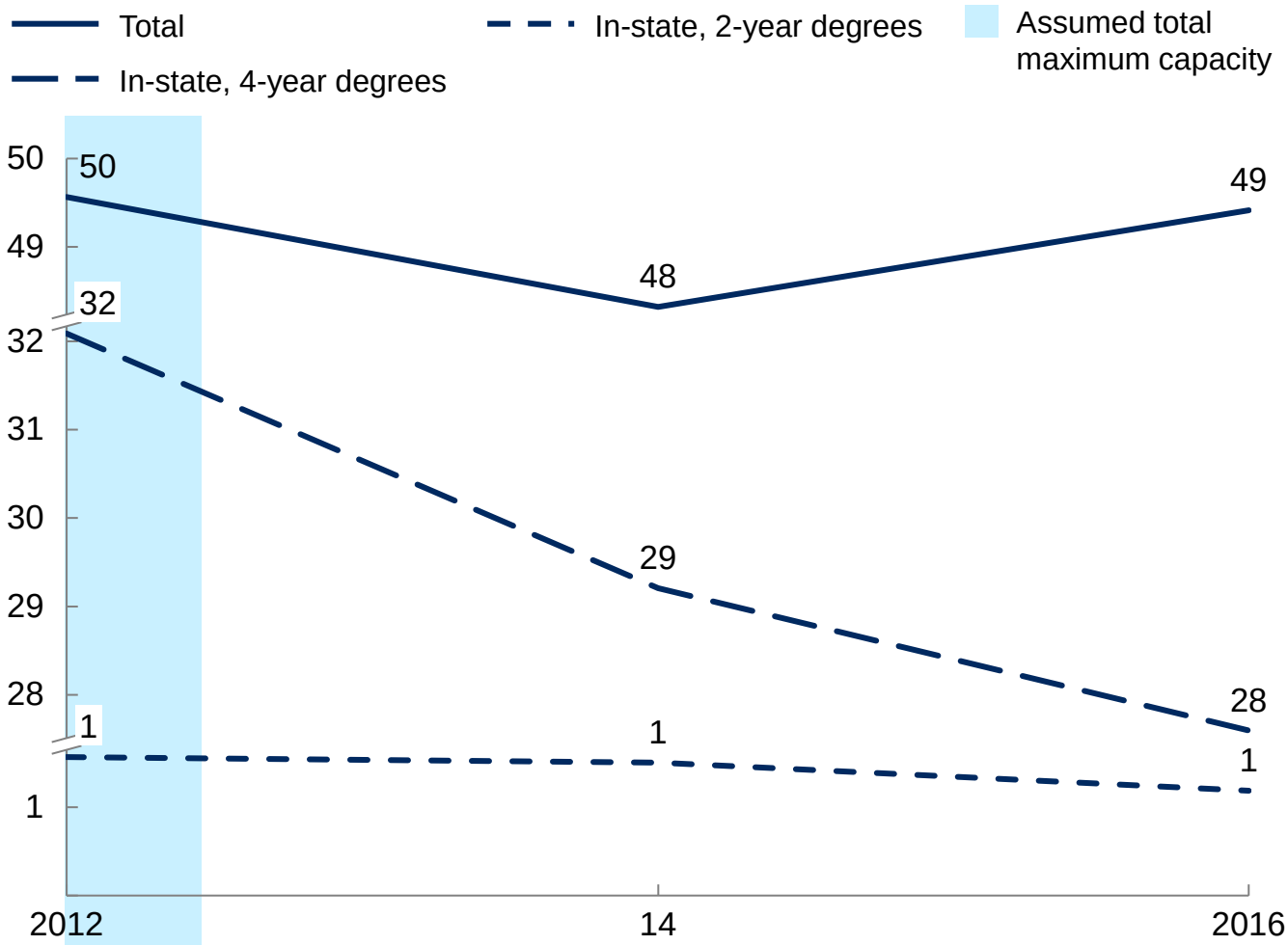


- **Maximum capacity is the peak of total new student enrollment over the past 5 years (~275k)** with ~258k in-state seats
- There are no **known initiatives to increase capacity**. The online community college will add ~95k seats for short-term classes and will target adult learners

SOURCE: Datamart

1D Maximum in-state capacity for private nonprofit institutions is ~33k based on the enrollment peak over the past 5 years

Historical enrollment for new students in private nonprofit institutions, 2012-16
Number of students (headcount), thousands



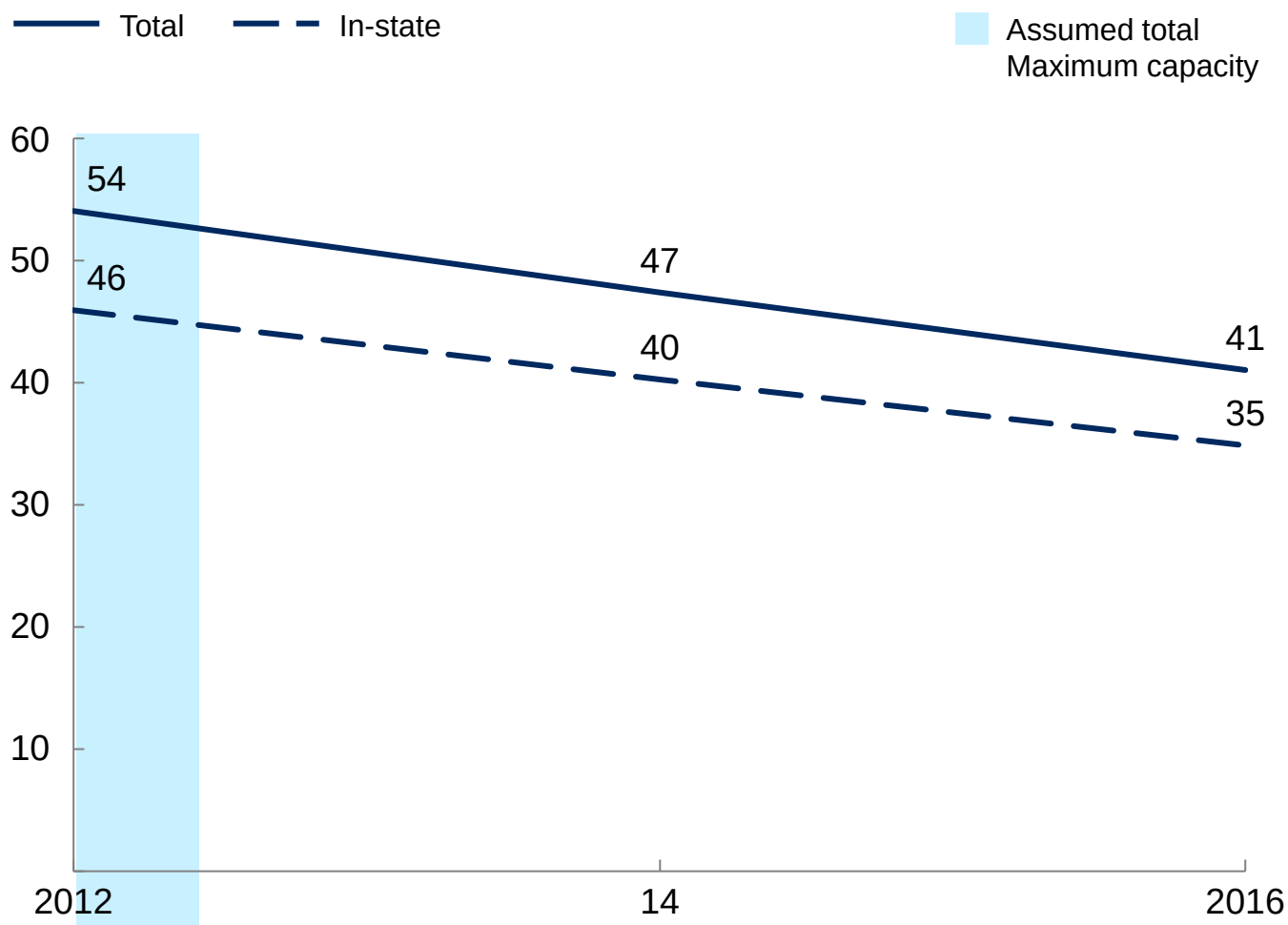
- **Maximum capacity is** the peak of total new student enrollment over the past 5 years (~50k) with **33k in-state seats** based on 2016 in-state student ratio (~66%)
- There are **no known initiatives to increase capacity**

SOURCE: IPEDS

1E Maximum in-state capacity for private for-profit institutions is ~45k based on the enrollment peak over the past 5 years

Historical enrollment for new students in private for-profit institutions, 2012-16

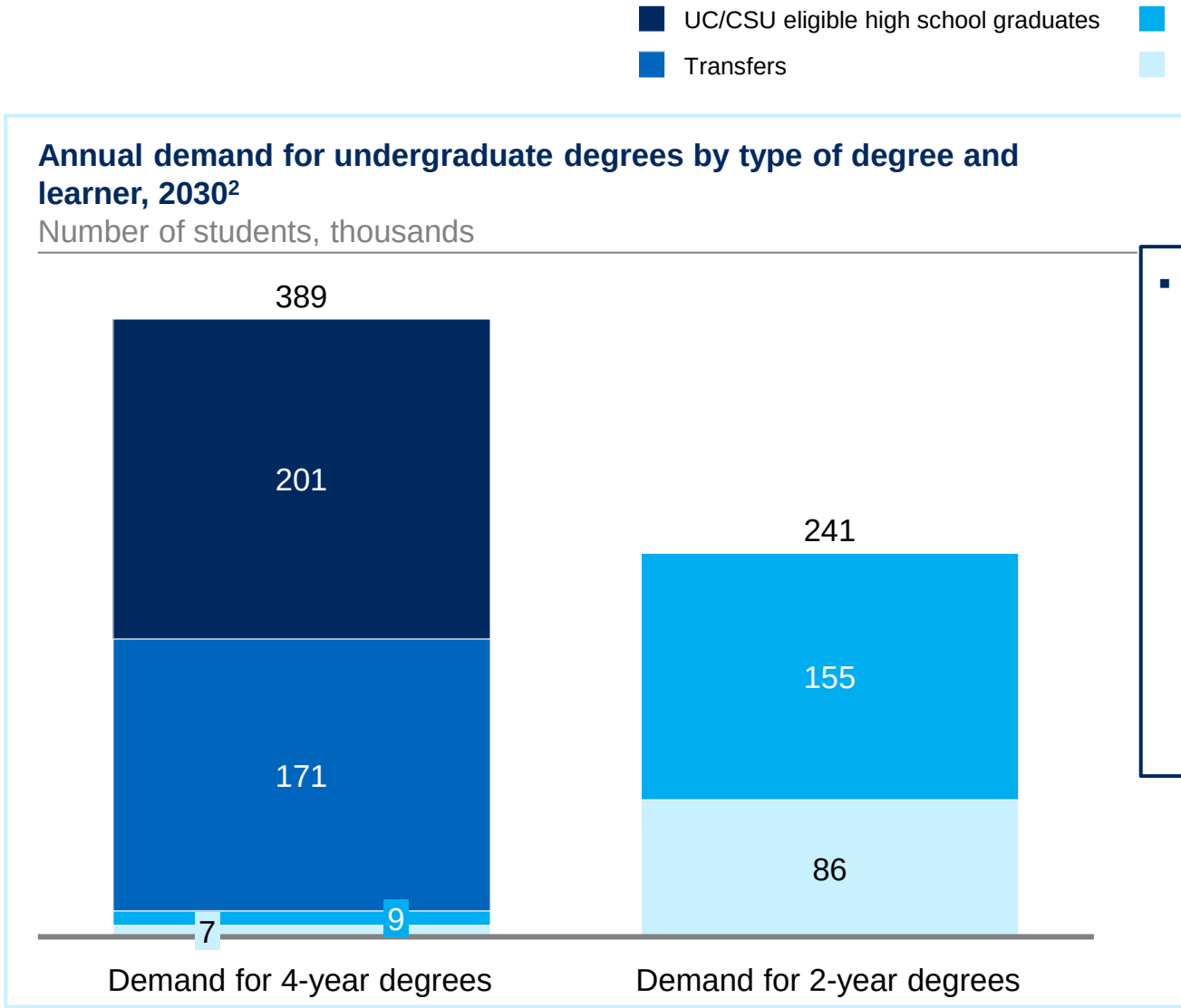
Number of students (headcount), thousands



- **Maximum capacity is** the peak of total new student enrollment over the past 5 years (~54k) with **46k in-state seats** based on 2016 in-state students ratio (~85%)
- There are **no known initiatives to increase capacity**

SOURCE: IPEDS

2 True demand for 4-year degrees is driven by recent high school graduates and transfer students from community colleges



- **"True demand" for 4-year programs** is defined as the combination of **demand from A-G eligible recent high school graduates**, **transfer-ready students** at community colleges[1], and **other high school graduates and adult learners** who want to pursue a Bachelor's degree

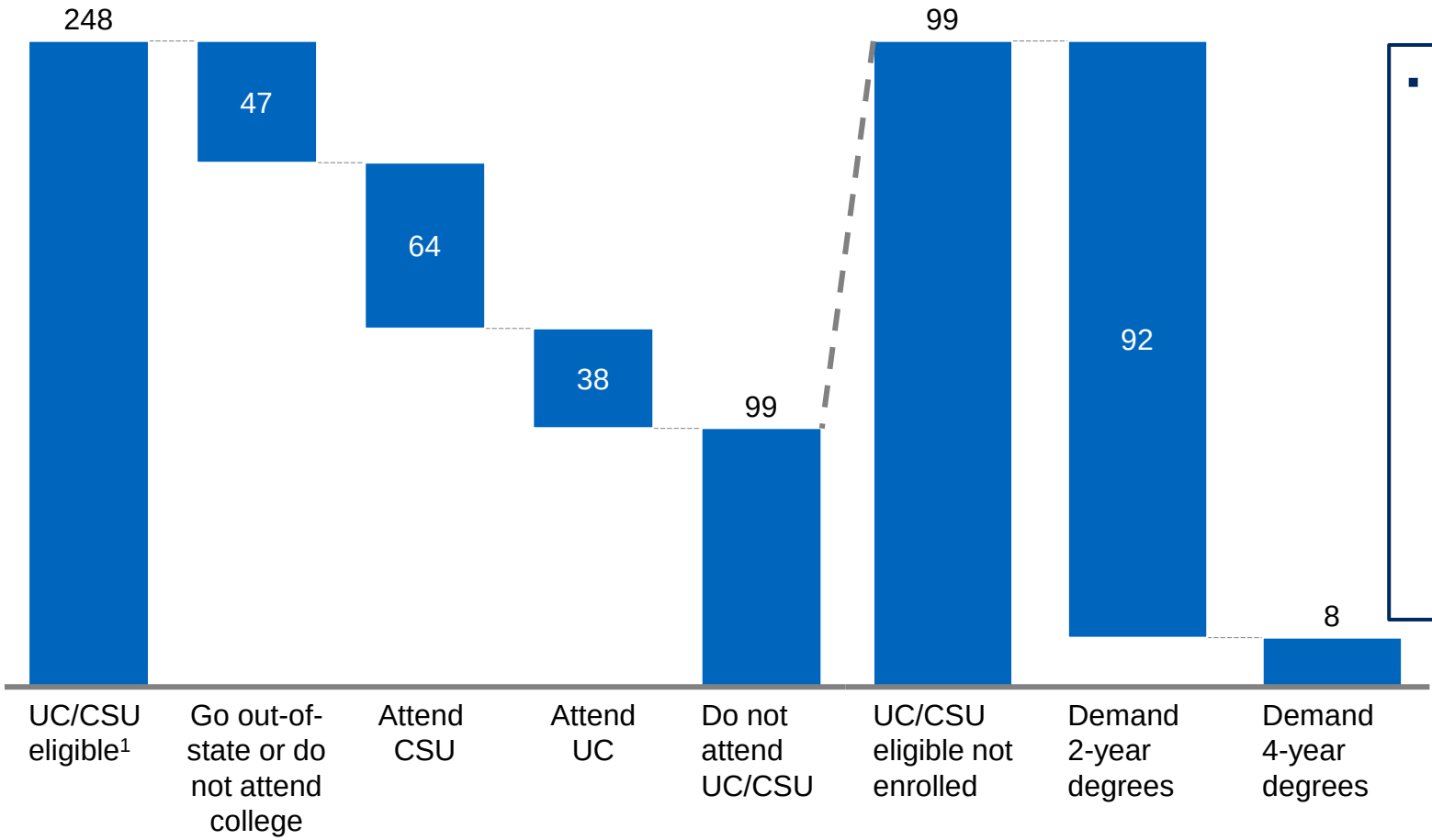
1 Transfer-ready is defined as completing at least 12 units and attempting either transfer-level math or English
2 Baseline scenario shown

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 In reality UC/CSU eligible students attend schools in other systems if they are not admitted or cannot attend a UC/CSU institution

Higher education attendance for UC/CSU eligible high school graduates, 2030

Number of students, thousands



- Similar trends are likely true for CCC transfer students eligible for UC/CSU admission, but data availability prevented a quantitative articulation

1 Includes only students that pursue higher education in California

SOURCE: California Department of Education, UC InfoCenter, IPEDS, CSU, NCHEMS

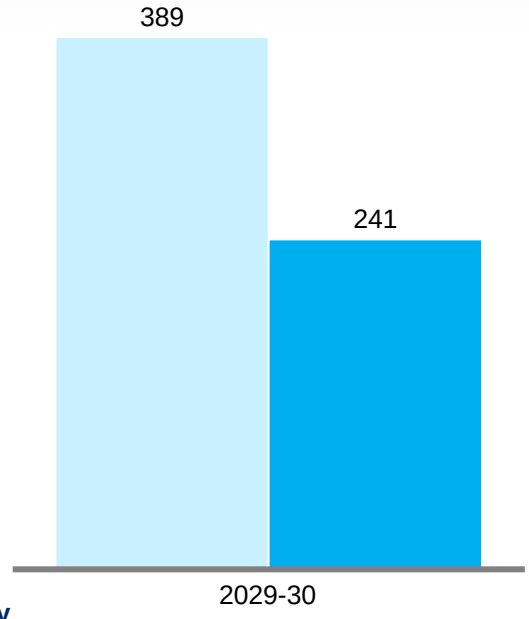
2 Whether considering 'true demand' or redistributing students across systems there will be a capacity gap for both 2- and 4-year degrees

True demand for 4-year degrees includes demand from UC/CSU eligible students as well as demand for 4-year private institutions…

…However, barriers prevent many students from enrolling in UC/CSU. Some may demand 2-year or private 4-year degrees, leading to the below projection

2030 projected true demand for higher education

Number of students, thousands

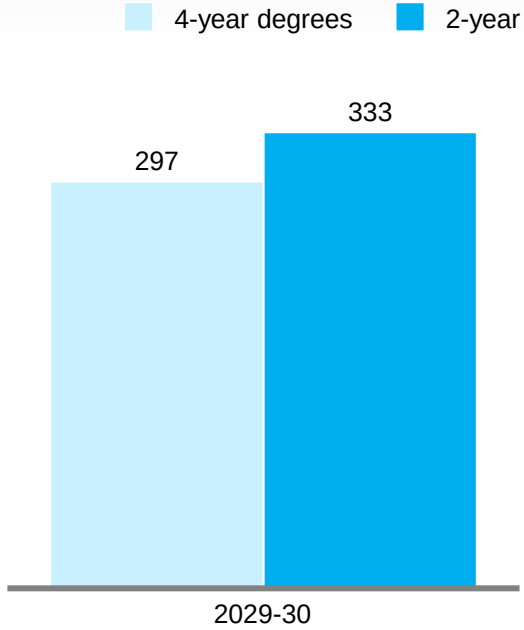


Capacity gap for 4-year degrees: -144

Capacity gap for 2-year degrees: +44

2030 projected observed demand for higher education

Number of students, thousands



Capacity gap for 4-year degrees: -52

Capacity gap for 2-year degrees: -48

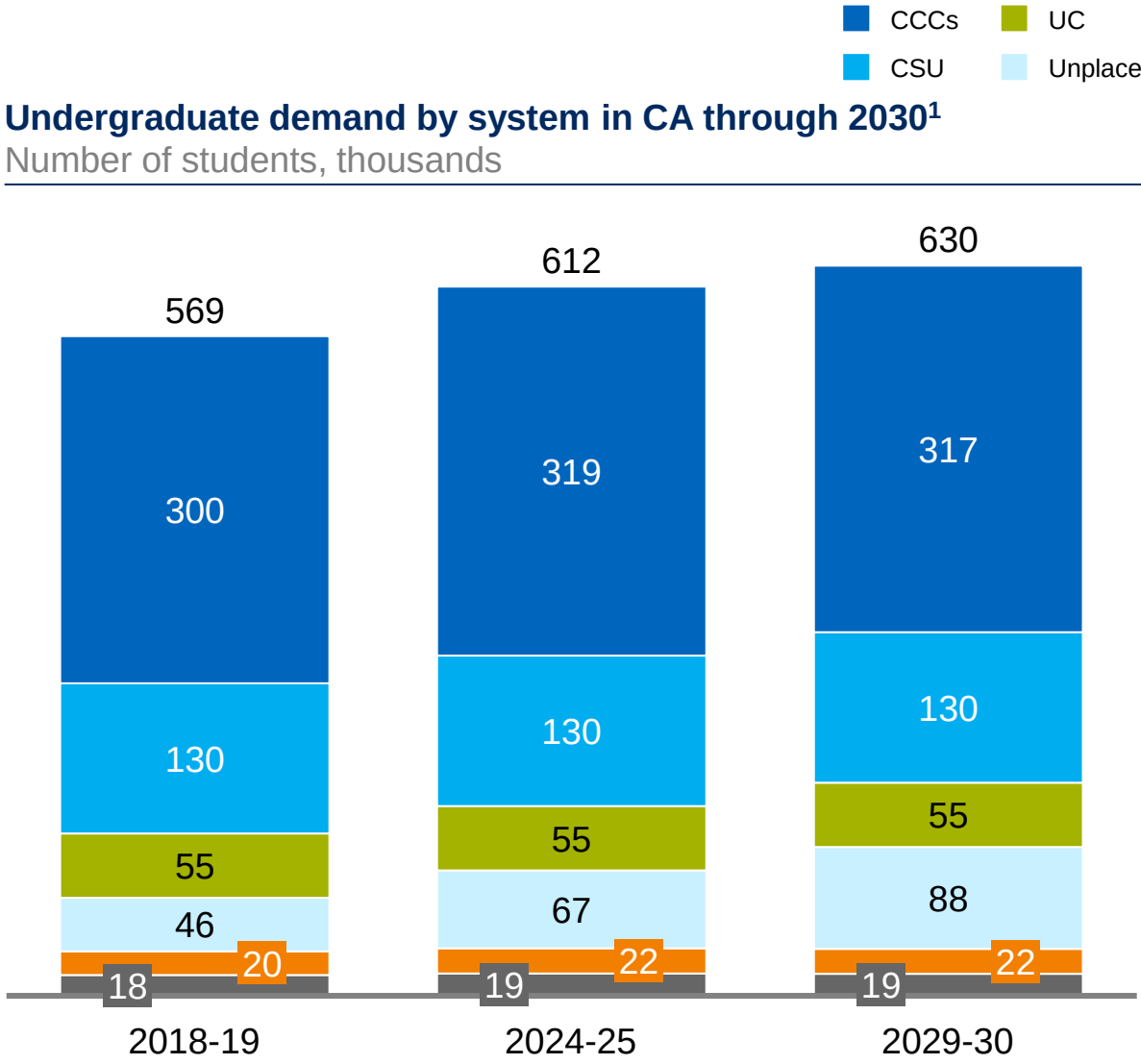
- **Whether the demand for higher education across 2- and 4-year degrees is distributed by true demand (i.e. UC/CSU eligibility) or students are redistributed across systems to reflect capacity constraints, the state of California will be short 100k seats in 2030**

SOURCE: BLS, EDD, IPEDS, Georgetown Center on Education and the Workforce

2 Half of demand will be for community colleges assuming some of the true demand for 4-year programs redistributes across systems

Undergraduate demand by system in CA through 2030[1]

Number of students, thousands



- **Demand for community colleges** will be **>50% of total demand** in 2030
- **Demand for UC/CSU combined will be ~30% of total demand**, though more than twice the number of students will be eligible than will be able to attend based on current capacity

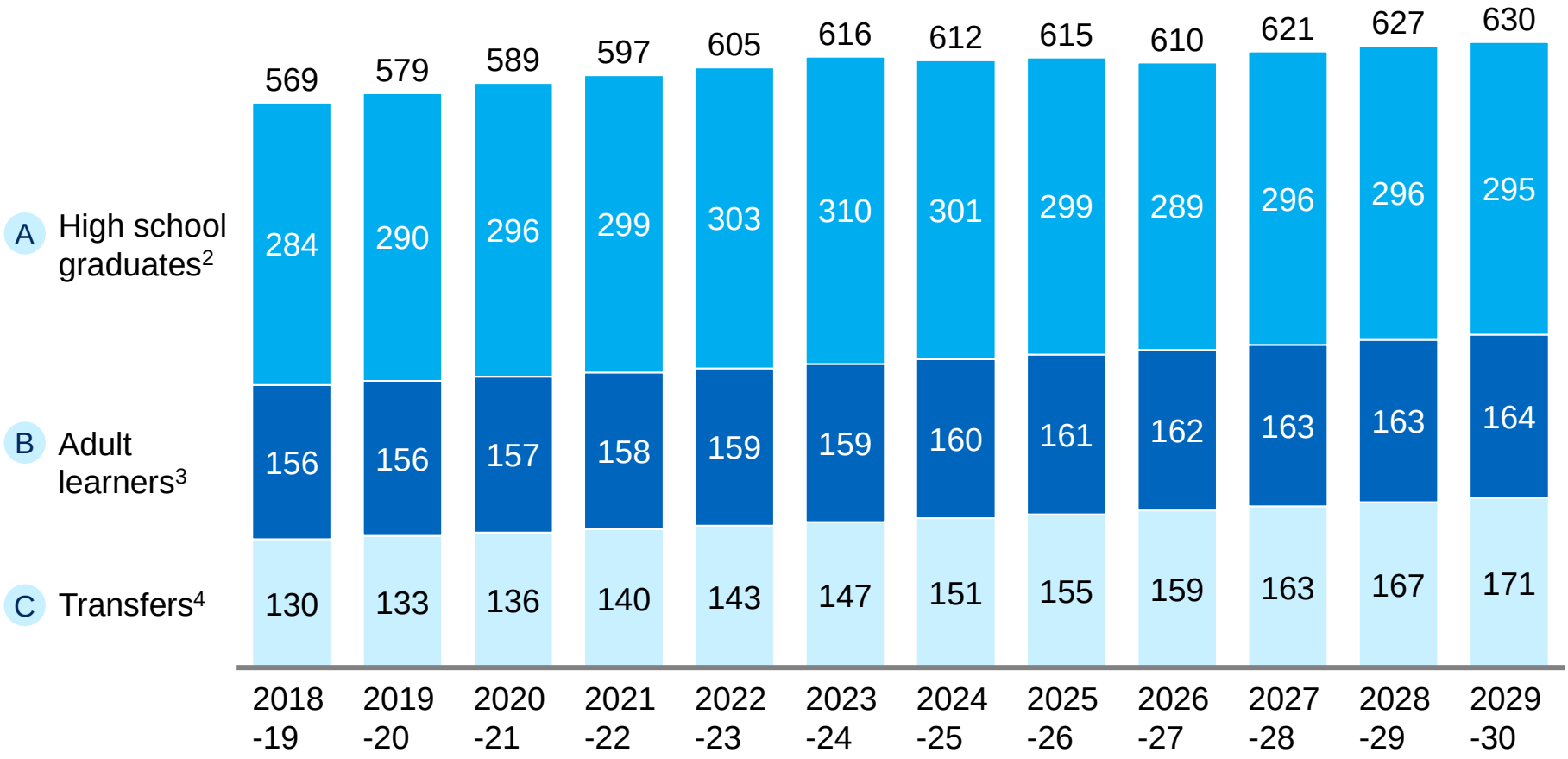
1 Baseline scenario shown | 2 The share of transfer students each year who do not attend UC/CSU or go out of state. They may attend private institutions or they may not transfer

SOURCE: DataMart, UC InfoCenter, CSU, IPEDS, AICCU, NCHEMS, California Department of Education

2 The largest share of demand will come from recent high school graduates and the remaining half will be split between adult learners and transfer students

Demand for new undergraduate seats in CA through 2030[1]

Number of students, thousands



1 Baseline scenario shown 2 High school graduates refer to recent graduates from high school, including UC/CSU eligible students and non-eligible students. A college-going rate is applied to each cohort of high school graduates. 3 Adult learners refer to people ages 25+ who return to higher education with either some or no college prior 4 Transfer students refer to community college enrollees who "demonstrate intent to transfer" by taking at least 12 credit units and attempting transfer-level English and/or math

SOURCE: DataMart, UC InfoCenter, CSU, IPEDS, AICCU, NCHEMS, California Department of Education

2A Two key assumptions drive projections for demand from high school graduates

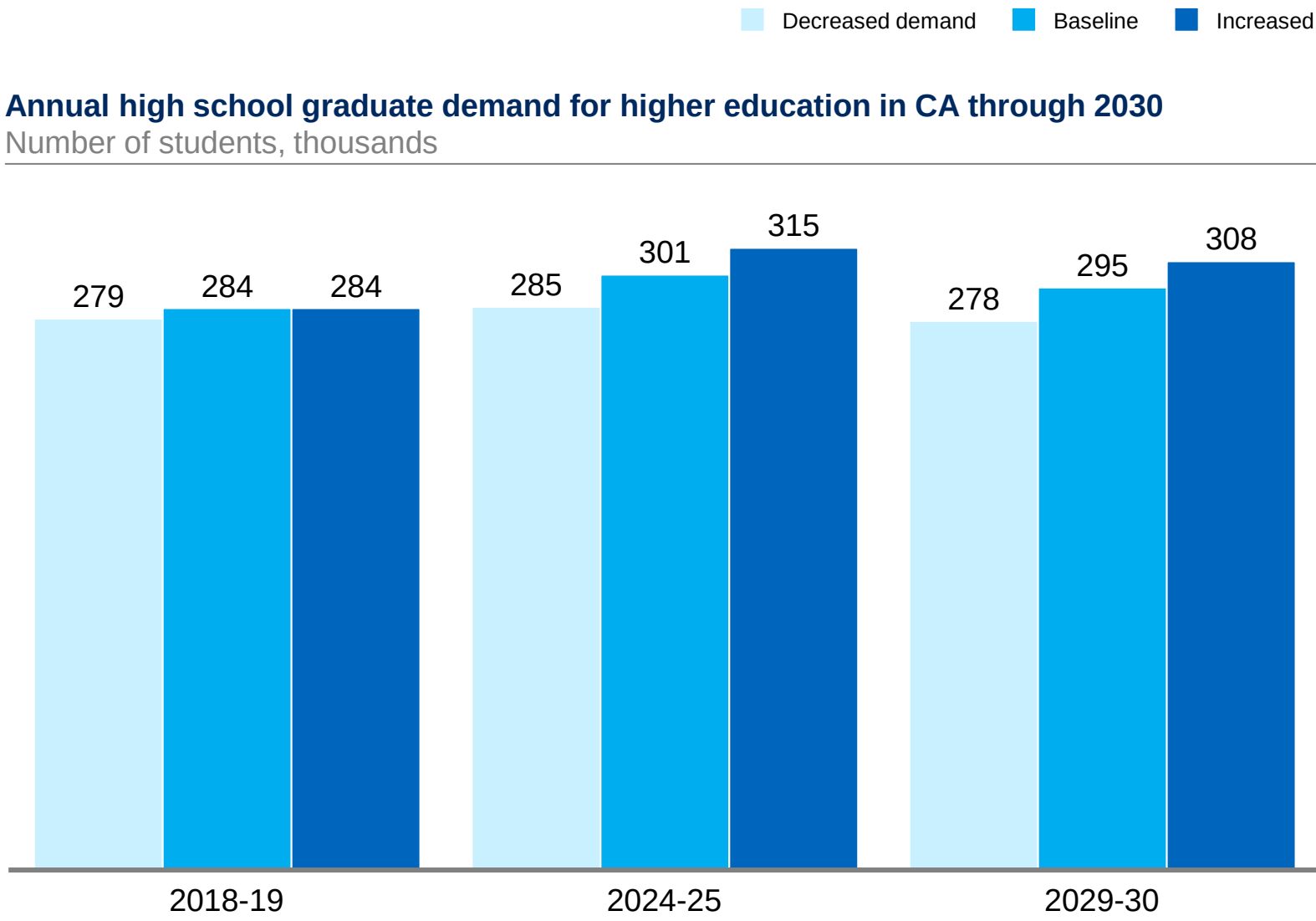
Critical assumptions

Assumption	Low demand	Baseline	High demand
Number of 12th graders	Enrollment patterns constant based on current K-12 enrollment, no significant migration	Enrollment patterns constant based on current K-12 enrollment, no significant migration	Enrollment patterns constant based on current K-12 enrollment, no significant migration
High school graduation rates[3]	High school graduation rates remain constant at current rates (88%)	Graduation rates grow based on a weighted average by racial/ethnic group until plateauing at the highest rate in US[1] (91%)	Graduation rates grow based on a weighted average by racial/ethnic group until plateauing at the average of 2017 rate for CORE districts[2] (94%)
UC/CSU eligibility rates[3]	UC/CSU eligibility rates remain constant at current rates (47%)	UC/CSU eligibility rate for lower-performing racial/ethnic groups improves such that each group reaches the average eligibility rate of the next-highest quartile (56% overall)	UC/CSU eligibility rate for lower-performing racial/ethnic groups improves such that each group reaches the average eligibility rate of the next-highest quartile (56% overall)
College-going rates for UC/CSU eligible students who do not attend UC/CSU[4]	College-going rates for UC/CSU eligible students are higher than state average (85%)	College-going rates for UC/CSU eligible students are higher than state average (85%)	College-going rates for UC/CSU eligible students are higher than state average (85%)
College-going rates for non-UC/CSU eligible students[4]	College-going rates for non-eligible students are lower than average (50%)	College-going rates for non-eligible students are lower than average (50%)	College-going rates for non-eligible students are lower than average (50%)
Out-of-state enrollment rates for UC/CSU eligible students[4]	UC/CSU eligible students who do not enroll in UC or CSU attend higher education out-of-state at higher rates than average (20%)	UC/CSU eligible students who do not enroll in UC or CSU attend higher education out-of-state at higher rates than average (20%)	UC/CSU eligible students who do not enroll in UC or CSU attend higher education out-of-state at higher rates than average (20%)
Out-of-state enrollment rates for non-UC/CSU eligible students[4]	Non-eligible students attend higher education out-of-state at rates lower than average (5%)	Non-eligible students attend higher education out-of-state at rates lower than average (5%)	Non-eligible students attend higher education out-of-state at rates lower than average (5%)

1 Iowa had the highest US high school graduation rate of 91% in 2017 2 CORE includes Fresno and Los Angeles school districts 3 Calculated based on a blended average of graduation/eligibility rates by race/ethnicity 4 Based on average college-going rate for US (70%) and average in-state enrollment rate for CA (70%), modified based on assumptions about college-going rates and in-state enrollment rates for UC/CSU eligible students. Validated assumption through interviews

SOURCE: DataMart, UC InfoCenter, CSU, IPEDS, AICCU, NCHEMS, California Department of Education

2A High school graduate demand for undergraduate programs will be ~278-308k by 2030

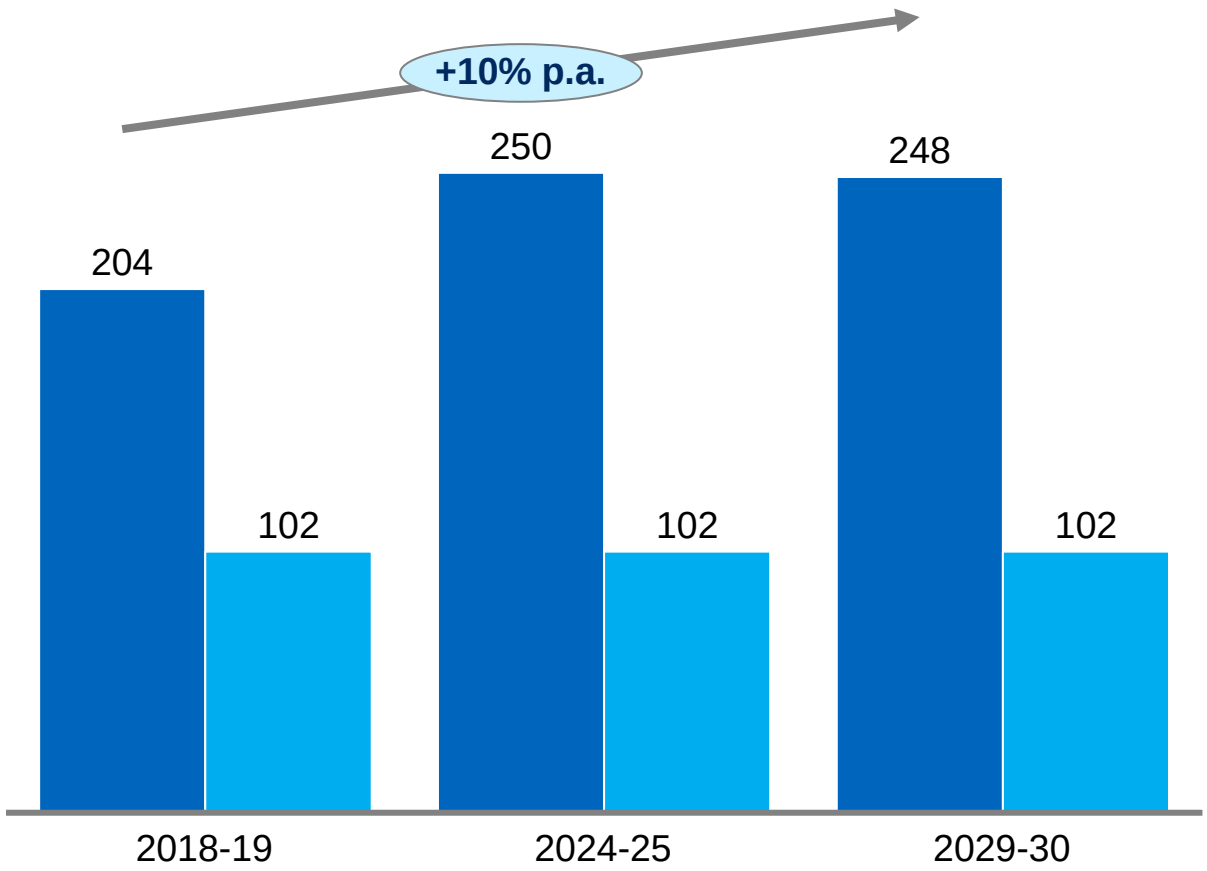


SOURCE: California Department of Education, NCHEMS

2A High school graduate eligibility for UC/CSU far surpasses available seats today and the trend will continue through 2030

UC/CSU eligible students[2] vs. UC/CSU attendees through 2030[1]

Number of students, thousands



- Without significant changes in capacity, **UC/CSU will have <40% of the capacity needed to educate all eligible learners in 2030**

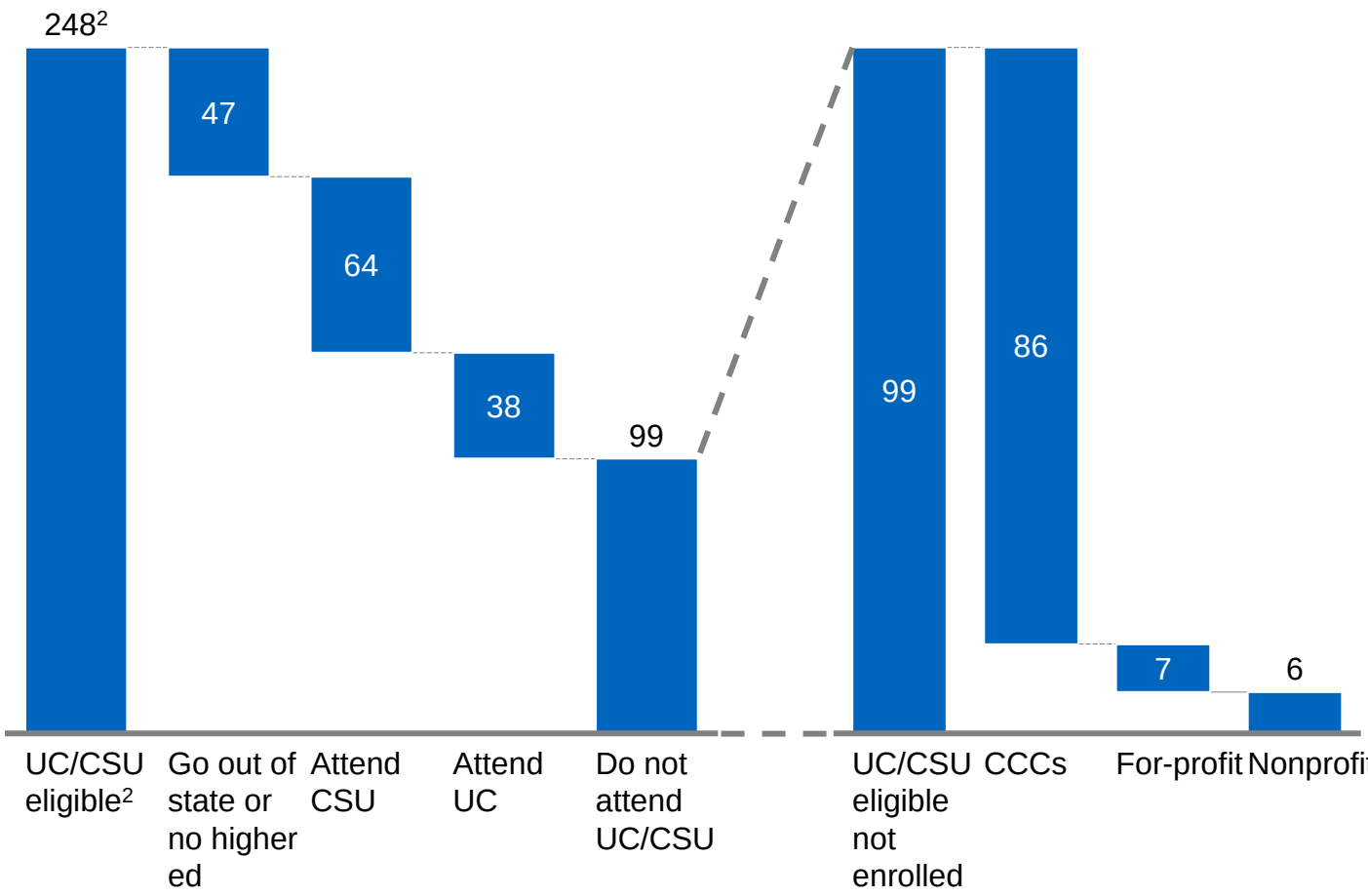
1 Projections for attendance are capped based on projected maximum capacity 2 Eligibility refers to high school graduates who completed the A-G requirements

SOURCE: California Department of Education, UC InfoCenter, CSU

2A 40% or more of UC/CSU eligible students may not pursue a 4-year degree

Higher education attendance for UC/CSU eligible students, 2030[1]

Number of students, thousands



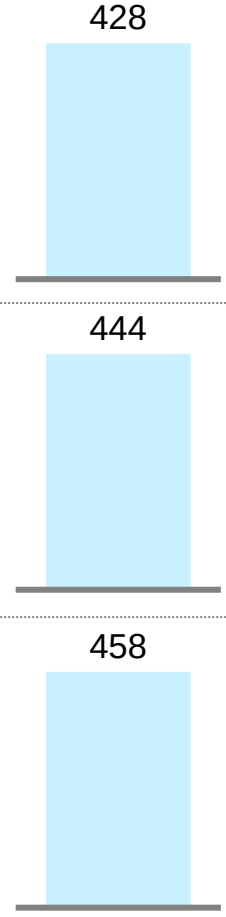
- **~90% of UC/CSU eligible students who stay in state may go to community colleges**, some because they **cannot access 4-year institutions** for geographic, financial, and/or personal reasons

1 Baseline scenario shown | This number includes ONLY UC/CSU eligible high school graduates

SOURCE: California Department of Education, UC InfoCenter, IPEDS, CSU, NCHEMS

2A Changes in the high school graduation rate drive 7% variability in the number of high school graduates

Scenarios	Rationale	HS graduates 2030 # of students, thousands
Low demand	Graduation rates remain constant at 2016-17 rates (88%)	428
Baseline scenario[3]	Graduation rates grow based on a weighted average by racial/ethnic group until plateauing at the highest graduation rate in the US[1] (91%)	444
High demand[3]	Graduation rates grow based on a weighted average by racial/ethnic group until plateauing at the CORE districts graduation rate[2] (94%)	458



- Graduation rates are likely to increase:
  - **Graduation rates have been increasing** 2% annually for the last 5 years, and have been **increasing most rapidly for the fastest growing racial/ethnic groups** (e.g. Hispanic students)
  - **There are multiple graduation initiatives underway** that are likely to improve student success

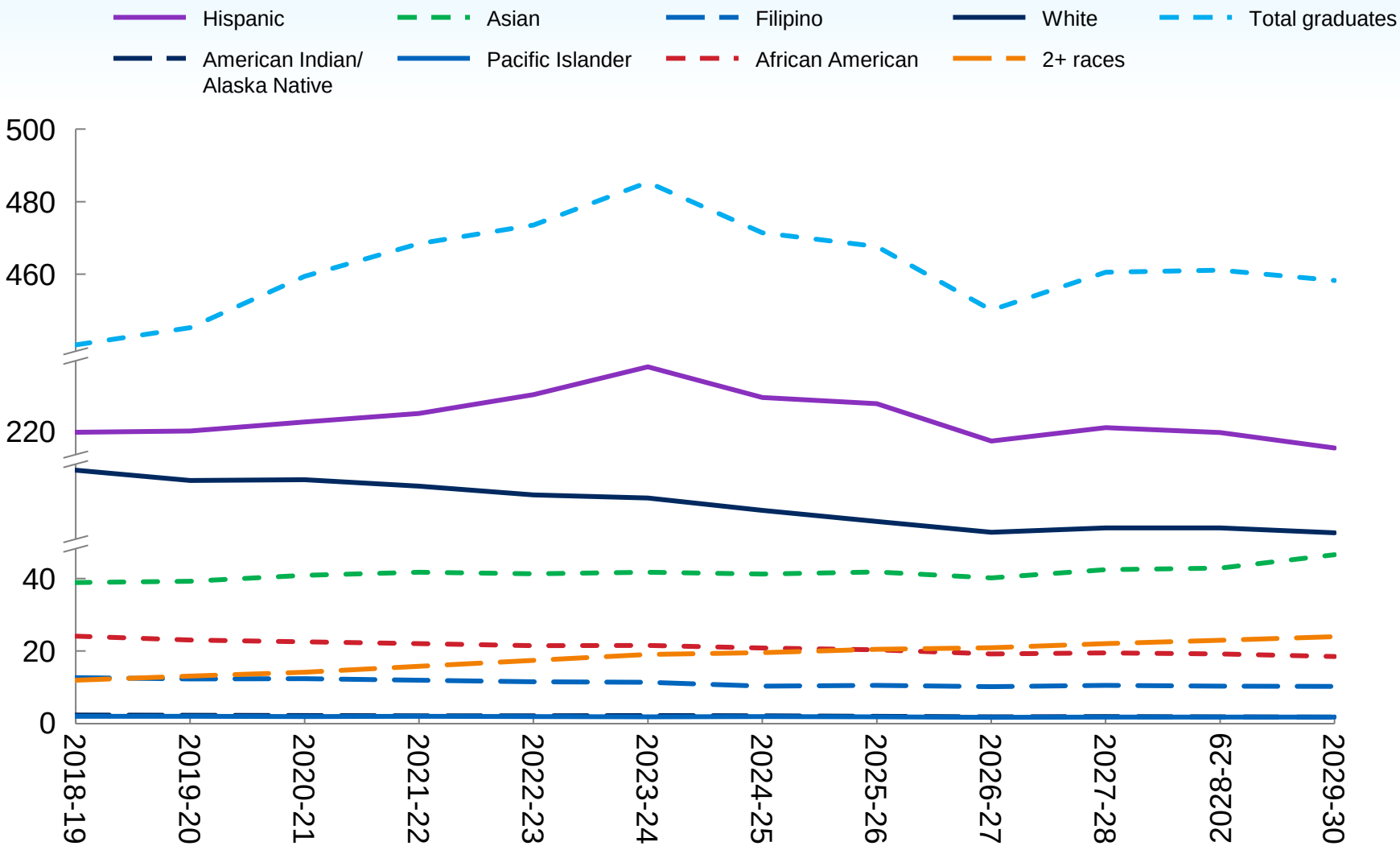
1 Iowa had the highest US high school graduation rate of 91% in 2017 | 2 CORE includes Fresno and Los Angeles school districts | 3 Calculated based on a blended average of high school graduation rates by race/ethnicity

SOURCE: California Department of Education, NCES

2A Hispanic students will make up 50%+ of high school graduates through 2030

High school graduates by race/ethnicity through 2030

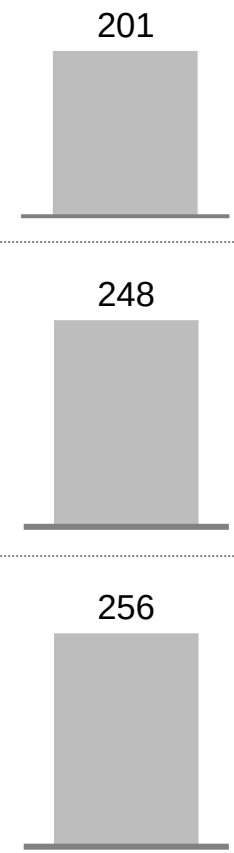
Number of students, thousands



SOURCE: CA Department of Education

2A Changes in UC/CSU eligibility rates drive 19% variability in the number of UC/CSU eligible high school graduates

Scenarios	Rationale	UC/CSU eligible HS graduates, 2030 # of students, thousands
Low demand	UC/CSU eligibility rates remain constant at current rates (47%)	201
Baseline scenario[1]	UC/CSU eligibility rate for lower-performing racial/ethnic groups improves such that each group reaches the average rate of the next-highest quartile, e.g. Hispanic/Latino students move from 3rd to 2nd quartile rate (56% overall)	248
High demand[1]	UC/CSU eligibility rate for lower-performing racial/ethnic groups improves the such that each group reaches average rate of the next-highest quartile, e.g. Hispanic/Latino students move from 3rd to 2nd quartile rate (56% overall)	256



- UC/CSU eligibility rates are likely to increase for some groups:
  - Eligibility rates have been **increasing at 5% for the last 5 years,** and have been **increasing most rapidly for the fastest growing racial/ethnic groups** (e.g. Hispanic students)
  - Despite growth, eligibility rates plateaued between 2015-16 and 2016-17 and **may continue plateauing**

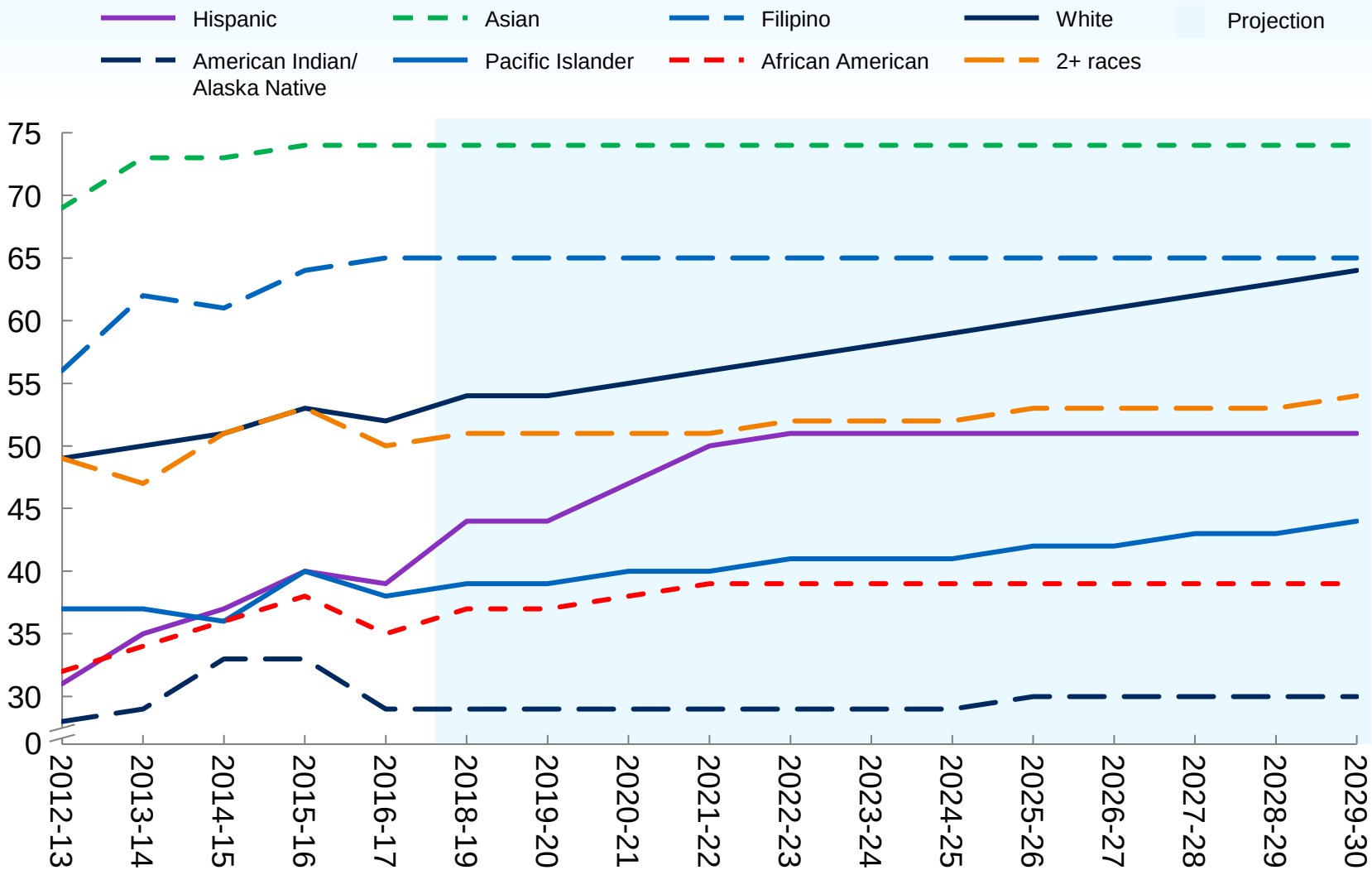
1 Calculated based on a blended average of high school graduation rates by race/ethnicity

SOURCE: California Department of Education

2A UC/CSU eligibility rates are projected to increase and then plateau for nearly all racial/ethnic groups

UC/CSU eligibility rates by race/ethnicity, 2030

% eligible

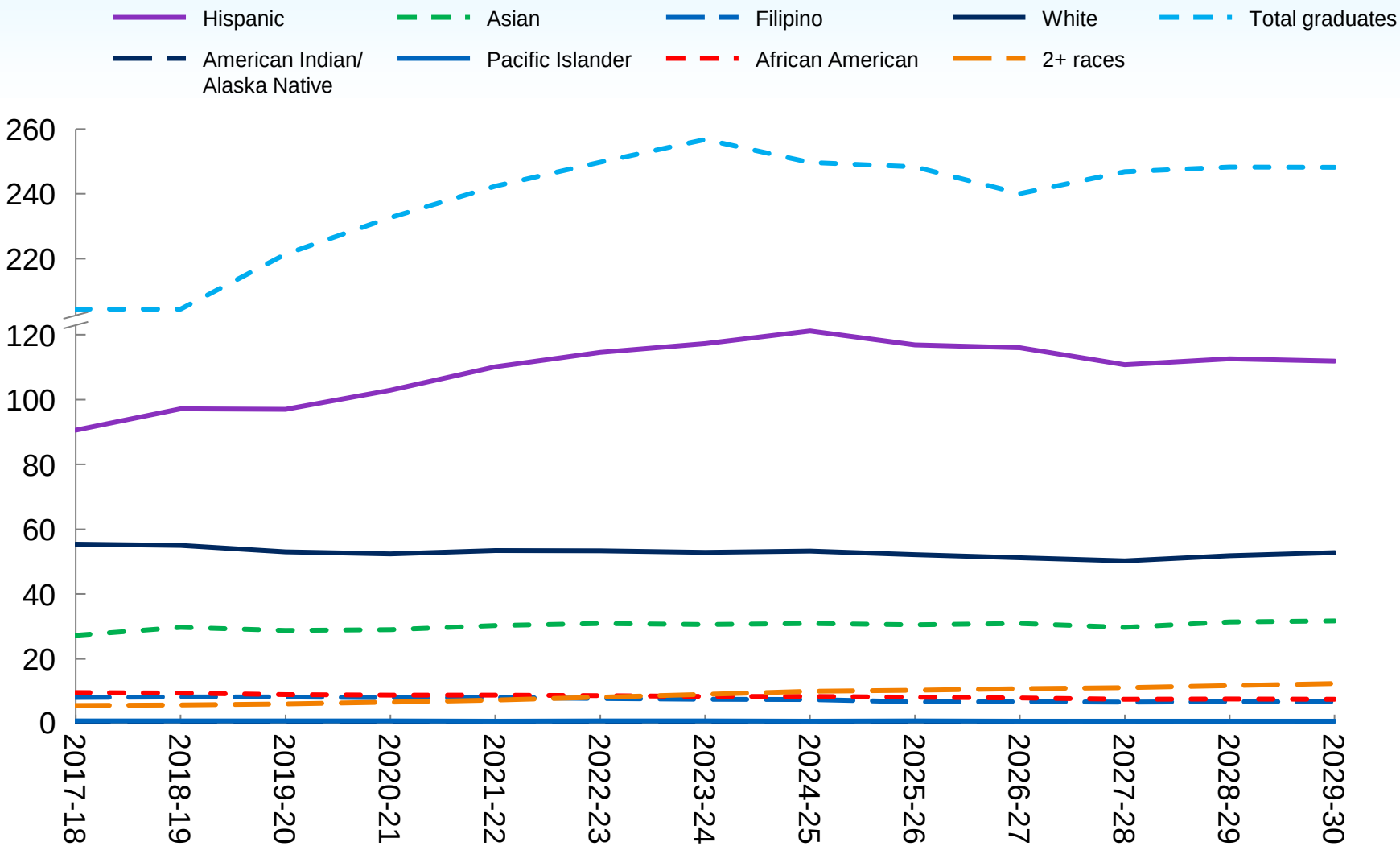


SOURCE: CA Department of Education

2A Increases in the number of UC/CSU eligible students will be driven by growing eligibility rates for Hispanic students

UC/CSU eligible high school graduates by race/ethnicity, 2030

Number of students, thousands



SOURCE: CA Department of Education

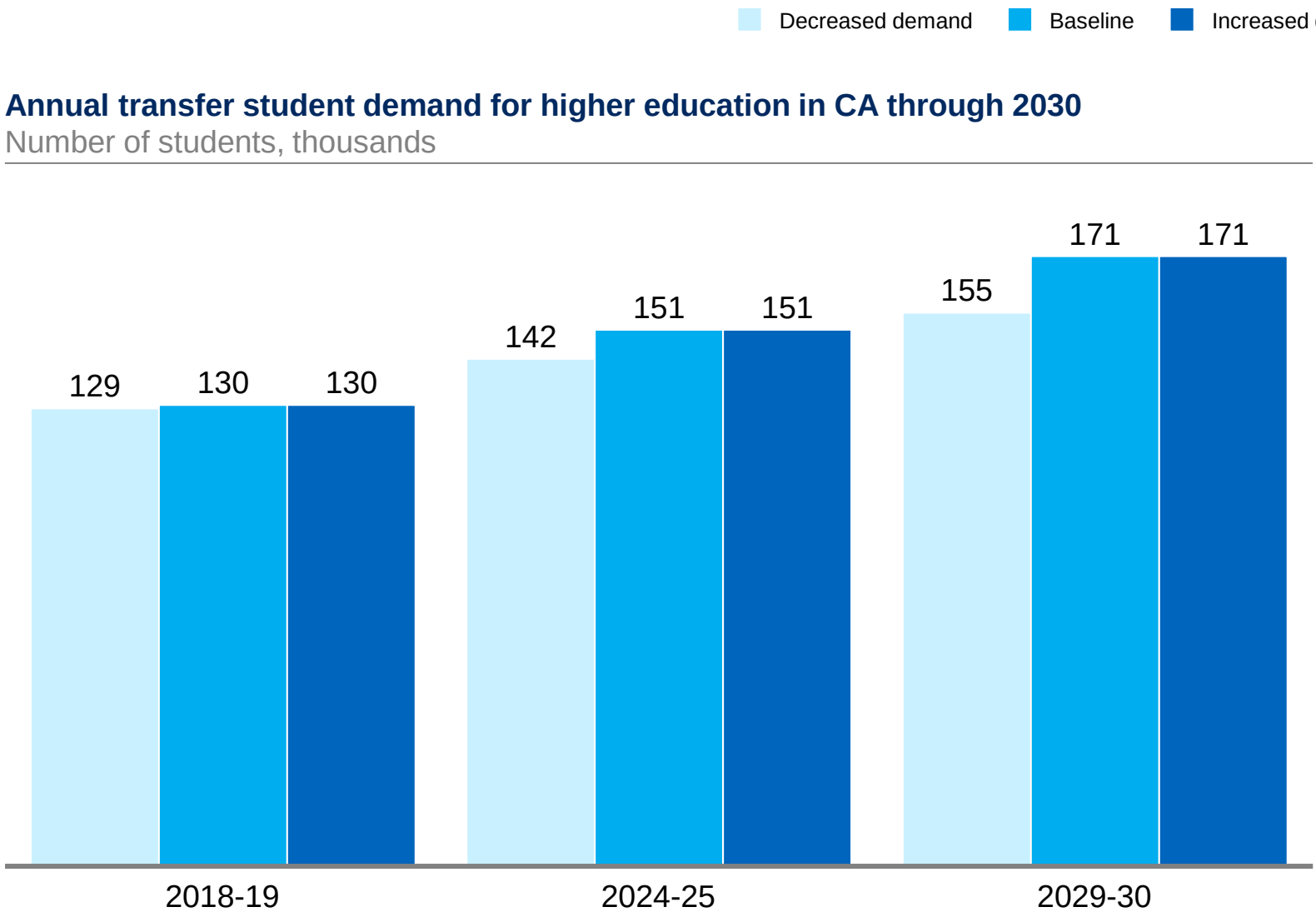
2B One key assumption drives projections for demand from transfer students

Details to follow

Assumption	Low demand	Baseline	High demand
Community college enrollment	First-time community college enrollment will plateau based on historically flat enrollment (507k)	First-time community college enrollment will plateau based on historically flat enrollment (507k)	First-time community college enrollment will plateau based on historically flat enrollment (507k)
Size of transfer cohort	Share of community college enrollees who pursue transfer will grow at 4-year CAGR through 2030 due to improvements in ADT and guided pathways (36%)	Share of community college enrollees who pursue transfer will grow faster than 4-year CAGR through 2030 due to improvements in ADT and guided pathways (41%)	Share of community college enrollees who pursue transfer will grow at 4-year CAGR through 2030 due to improvements in ADT and guided pathways (41%)
Share of transfers who transfer to out-of-state institutions	25% of transfers who do not transfer to UC or CSU go out-of-state	25% of transfers who do not transfer to UC or CSU go out-of-state	25% of transfers who do not transfer to UC or CSU go out-of-state

SOURCE: DataMart

2B Transfer student demand for undergraduate programs will be 155-170k by 2030

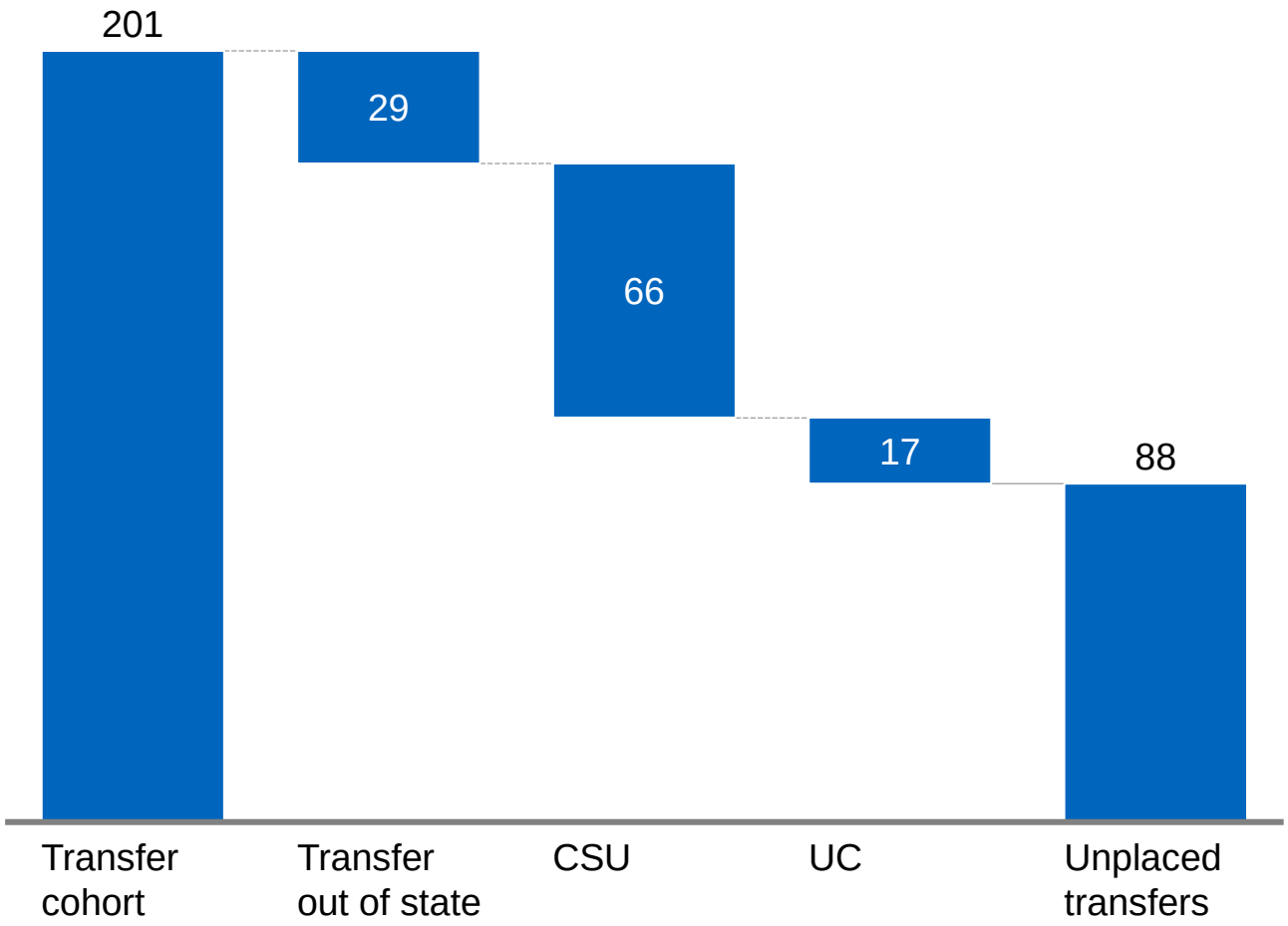


SOURCE: DataMart, UC InfoCenter, CSU, AICCU

2B ~60% of in-state transfer students in 2030 will go to UC or CSU, while the rest may transfer to other institutions or remain in community college

Destination of transfer students who do not attend UC/CSU, 2030[1]

Number of students, thousands



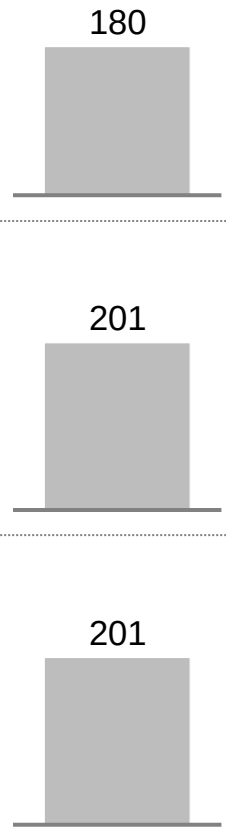
- **UC and CSU will only have space for ~40% of students in the transfer cohort in 2030** unless there are changes in capacity
- Students who do not transfer to UC or CSU **may transfer to out-of-state or to in-state private institutions**, if they transfer at all
- **A share of students may also remain in the community college system** despite intent to transfer, **meaning they will not access a 4-year degree**

1 Baseline scenario shown

SOURCE: DataMart, UC InfoCenter, CSU, AICCU

2B Changes in the share of enrollees who demonstrate intent to transfer drive 10% variability in the size of the transfer cohort

Scenarios	Rationale	Transfer cohort[1], 2030 # of students, thousands
Low demand	Share of community college enrollees who pursue transfer will grow at 4-year CAGR through 2030 due to improvements in ADT and guided pathways (36%)	180
Baseline scenario	Share of community college enrollees who pursue transfer will grow faster than 4-year CAGR through 2030 due to improvements in ADT and guided pathways (41%)	201
High demand	Share of community college enrollees who pursue transfer will grow faster than 4-year CAGR through 2030 due to improvements in ADT and guided pathways (41%)	201



- **The number of students who are transfer-ready is likely to increase** due to the **roll out of Associate's Degrees for Transfer** and the launch of the **California Guided Pathways program**

1 The transfer cohort is defined by the California Community College system as a student who has completed 12 credit units and attempted transfer-level math or English

SOURCE: DataMart, UC InfoCenter, CSU, AICCU

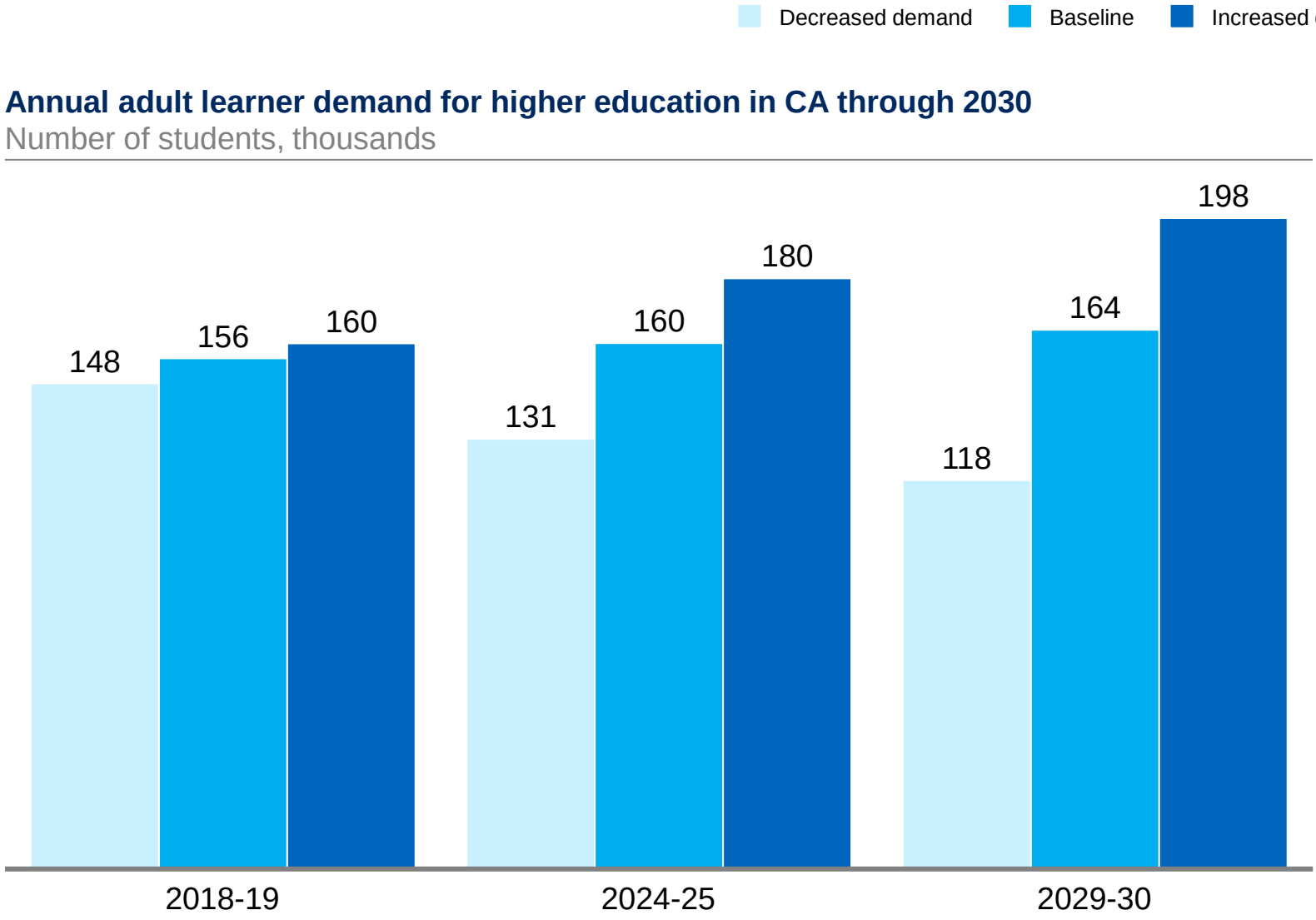
2C One key assumption drives projections for demand from adult learners

Critical assumption

Assumption	Low demand	Baseline	High demand
Number of adults ages 25+	The population remains stagnant at 2016 figures	The population grows at 5-year CAGR through 2030 (1% CAGR)	The population grows at 5-year CAGR through 2030 (1% CAGR)
Share of adult population returning to school annually	The share of the adult population returning to school will decrease faster than current rates through 2030 (-3% CAGR)	The share of the adult population returning to school will decrease at current rates through 2030 (-2% CAGR)	The share of the adult population returning to school will increase, likely due to a recession scenario (0.5% CAGR)
Share of adult learners who study in-state	The share of adult learners who in-state is higher than average rates for undergraduates (95%)	The share of adult learners who in-state is higher than average rates for undergraduates (95%)	The share of adult learners who in-state is higher than average rates for undergraduates (95%)

SOURCE: US Census, IPEDS, NCES

2C Adult learner demand for undergraduate programs will be ~115-225k by 2030

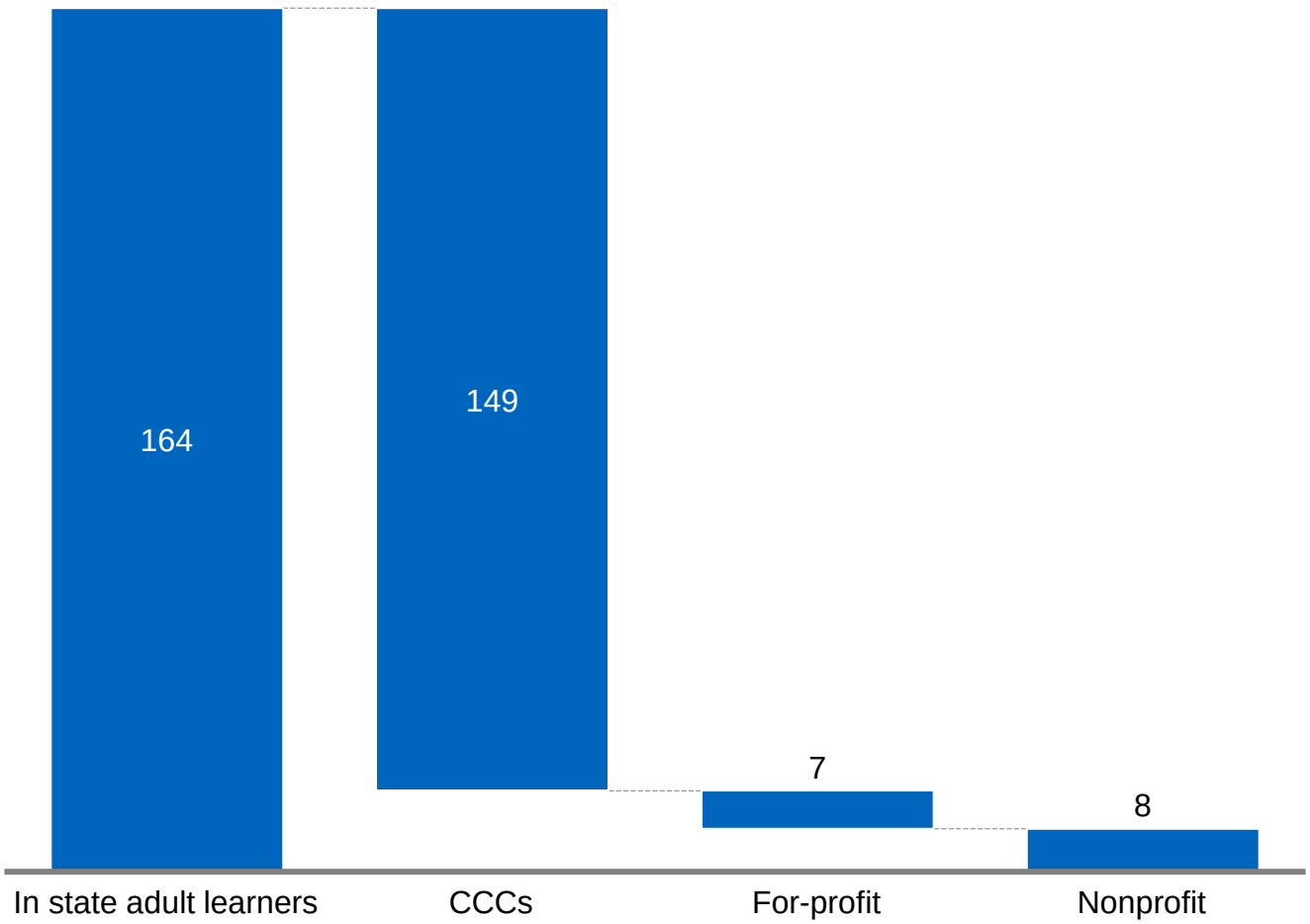


SOURCE: US Census, IPEDS, NCES

2C More than three quarters of adult learners will demand 2-year degrees

Adult learner enrollment in CA through 2030[1]

Number of students, thousands



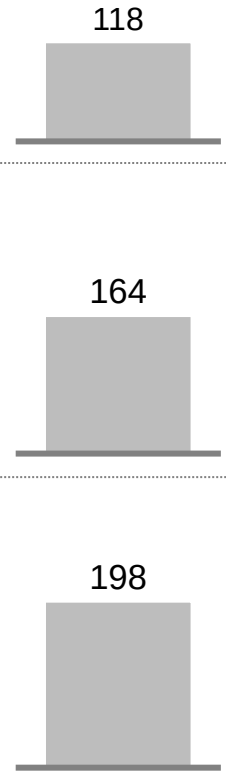
- **~90% of in-state adult learners will return to community colleges**
- **Adults who return to UC/CSU are assumed to return with some college credit** or to continuing education programs rather than starting as first-time freshmen for traditional 4-year degrees
- Adults who attend **out-of-state institutions** may be attracted to the growing number of **flexible, distance or blended offerings**, making the new online community college especially attractive to this cohort

1 Baseline scenario shown

SOURCE: US Census, IPEDS, NCES

2C Changes in the share of adults who return to school drive 50% variability in the number of adult learners

Scenarios	Rationale	Adult learners, 2030[1] # of students, thousands
Low scenario	The share of the adult population returning to school will decrease faster than current rates through 2030 (-3% CAGR)	118
Baseline demand	The share of the adult population returning to school will decrease at current rates through 2030 (-2% CAGR)	164
High demand	The share of the adult population returning to school will increase, likely due to a recession scenario (0.5% CAGR)	198



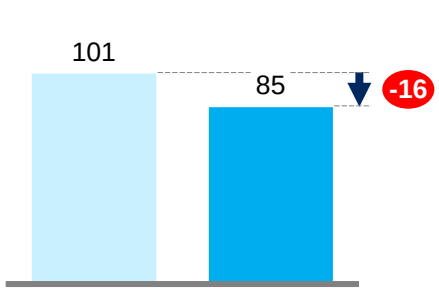
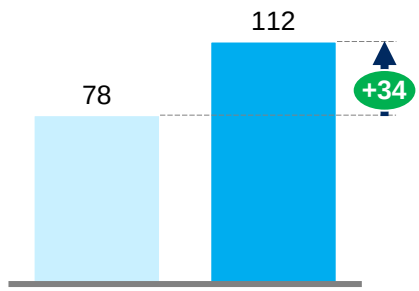
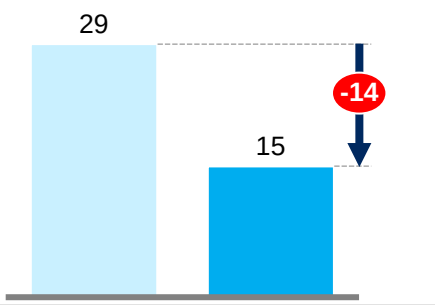
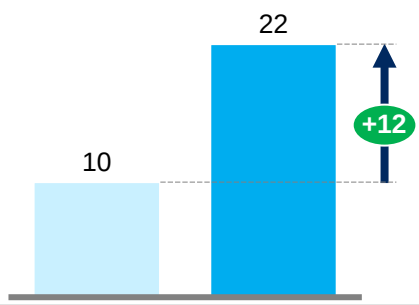
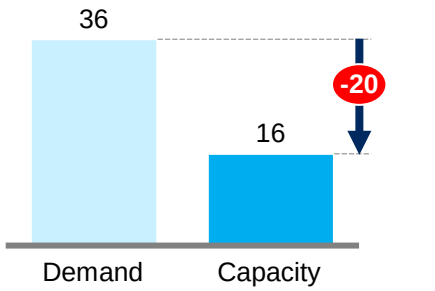
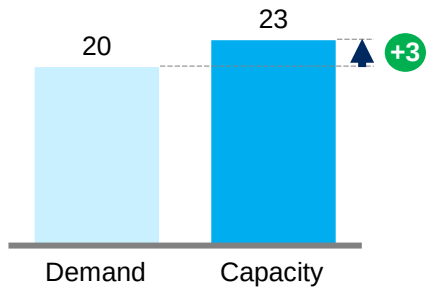
- Today, the **share of adult learners returning to school has been decreasing** (-2% 5 yr. CAGR), likely due to **low unemployment**
- Given the **likelihood of a recession** in the next ~10 years, **more adults may return to school after being laid off to reskill and retrain.** This being reflected in a high demand scenario

1 Shows only adult learners who will demand education in and outside of CA

SOURCE: US Census, IPEDS, NCES

Contents

Three priority regions are projected to have annual capacity gaps for 4-year degrees and surpluses for 2-year degrees

Region	4-year annual undergraduate capacity, 2030 Number of students, thousands	2-year annual undergraduate capacity, 2030 Number of students, thousands	Implications
Los Angeles[1]			▪ The surplus of CCC seats will offset the capacity gap for 4-year programs. However, **there may not be a clear path for transferring to UC/CSU** because of capacity limitations and difficulty with the transfer process ▪ The large CCC surplus is likely driven by LA having ~40% of CCC seats but ~32% of California's high school seniors
Central Valley[2]			▪ **CCC seats are insufficient to meet the demand for 4-year programs, and there will not be a clear path for transferring to UC/CSU** ▪ The Central Valley has 7% of California's high school seniors which aligns with the share of seats in the region (~7% for CCC, UC/CSU and Independents)
Inland Empire[3]			▪ **The region's overall capacity is insufficient to meet the needs of ~66k high school seniors. These students will need to be assisted in pursuing programs elsewhere** ▪ The Inland Empire has 13% of California's high school seniors but only ~7% of total seats available for CCC, UC/CSU and Independents

1 Los Angeles includes Los Angeles and Orange Counties
2 Central Valley includes Fresno, Kern, Merced, and Stanislaus Counties
3 Inland Empire includes San Bernardino and Riverside Counties

The number of higher education seats in the Inland Empire is disproportionately low compared to the high school population

Share of seats compared to share of students

- Low share of seats
- High share of seats
- Focus for this document

	12th graders, 2017		Current maximum capacity in higher education institutions in CA[1]					
			CCC		UC/CSU		UC/CSU and Independents	
	Students 000s	Share of 12th graders, %	Seats 000s	Share of total, %	Seats 000s	Share of total, %	Seats 000s	Share of total, %
Los Angeles	157	32%	103	39%	64	34%	79	36%
Central Valley	41	8%	20	7%	14	8%	15	7%
Inland Empire	66	13%	20	7%	12	6%	15	7%
San Diego	42	9%	27	10%	18	10%	24	11%
San Francisco	46	9%	25	9%	20	11%	24	11%
Sacramento - Chico	32	7%	25	7%	20	12%	24	10%
Total prioritized regions	**352**	**79%**	**194**	**80%**	**128**	**81%**	**157**	**82%**

SOURCE: Datamart, UC Datacenter, CSU Datacenter, IPEDS

Contents

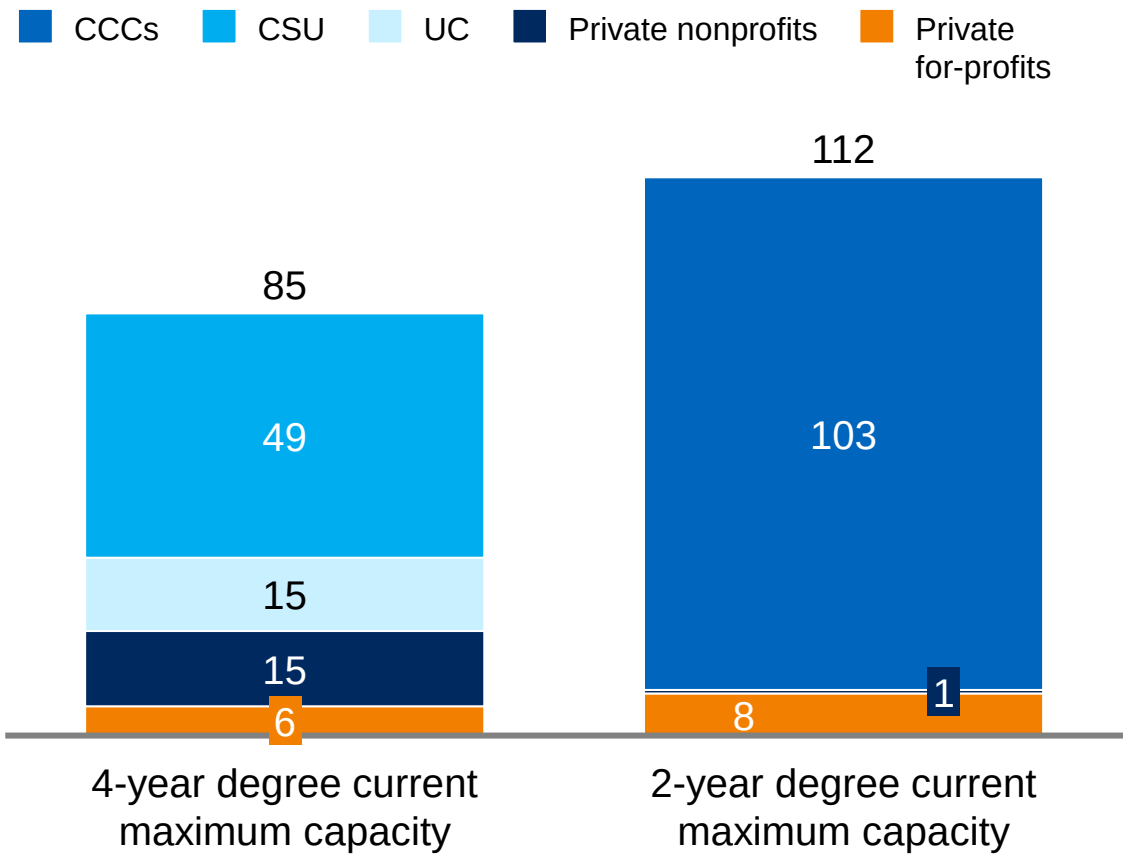
The capacity assessment for Los Angeles includes 3 key analyses

1. Capacity for higher education in LA
2. Demand for higher education in LA
3. Labor market assessment in LA

1 LA baseline undergraduate capacity will be 118k for 2-year degrees and 86k for 4-year degrees

2030 LA undergraduate capacity

Number of students (headcount), thousands



- **Baseline scenario assumes the current maximum capacity**, calculated from the 5-year peak in enrollment. No additional seats are included given uncertainty about budget allocation in coming years
- **For UC and CSU institutions, a ~13% capacity increase could come from graduation initiatives based on CSU analyses.** This would decrease the capacity gap from 16k to 8k

SOURCE: UC InfoCenter, CSU statistical reports, IPEDs, Datamart

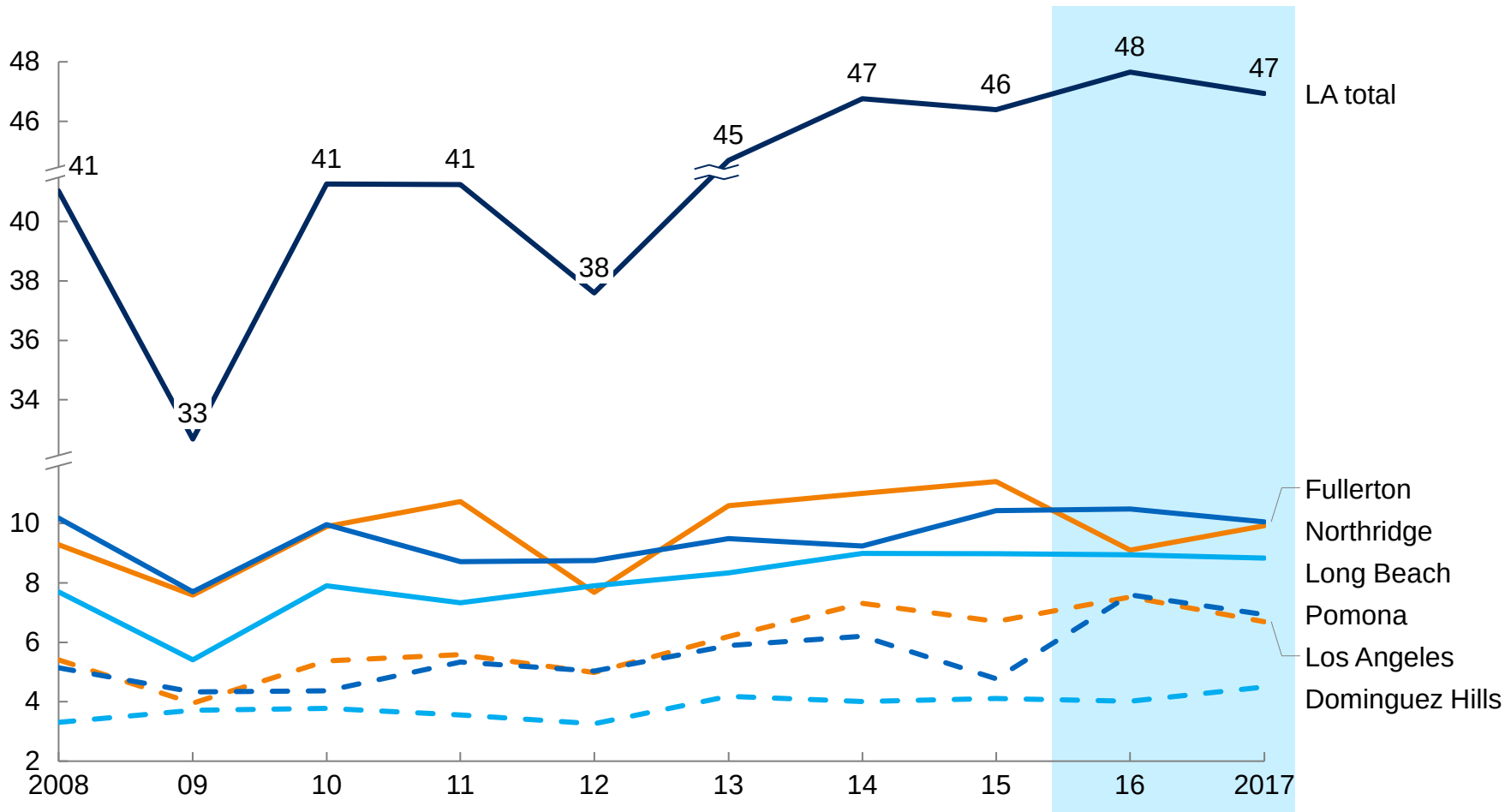
1 Baseline capacity in LA was projected based on historical enrollment

	Baseline capacity	Increased capacity due to graduation initiatives
CSU	▪ **2-year[1] peak of in-state new student enrollment** at the campus level gives total seats ▪ Following guidance from the working group, we use fall term freshmen and 12-month transfer enrollment	▪ **Based on CSU analyses on new graduation initiatives**, we increase new student enrollment by 1% per year. Following guidance from CSU this is not included in the baseline scenario
UC	▪ **5-year peak of in-state new student enrollment** at the campus level gives total seats ▪ Following guidance from the working group, we use fall term freshmen and 12-month transfer enrollment	▪ **Based on CSU analyses on new graduation initiatives**, we increase new student enrollment by 1% per year. Following guidance from UC this is not included in the baseline scenario
CCC	▪ **For consistency with the statewide** assessment in which 2010 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Los Angeles is **in-state new student enrollment in 2010** ▪ Only freshmen fall term enrollment is used as **transfers mainly come from within the CC system or are dually enrolled in a 4-year institution**	▪ No known initiatives to increase capacity
Private non-profits	▪ **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Los Angeles is **in-state new student enrollment in 2012** ▪ Fall enrollment is also used for transfers due to lack of 12-month data	▪ No known initiatives to increase capacity
Private for-profits	▪ **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Los Angeles is **in-state new student enrollment in 2012** ▪ Fall enrollment is also used for transfers due to lack of 12-month data	▪ No known initiatives to increase capacity

1 Following suggestion from CSU as campuses are recovering from budget fall in 2011

1 CSU growth over the past five years was driven by a recovery from 2011-12 budget cuts and is not sustainable in the long run

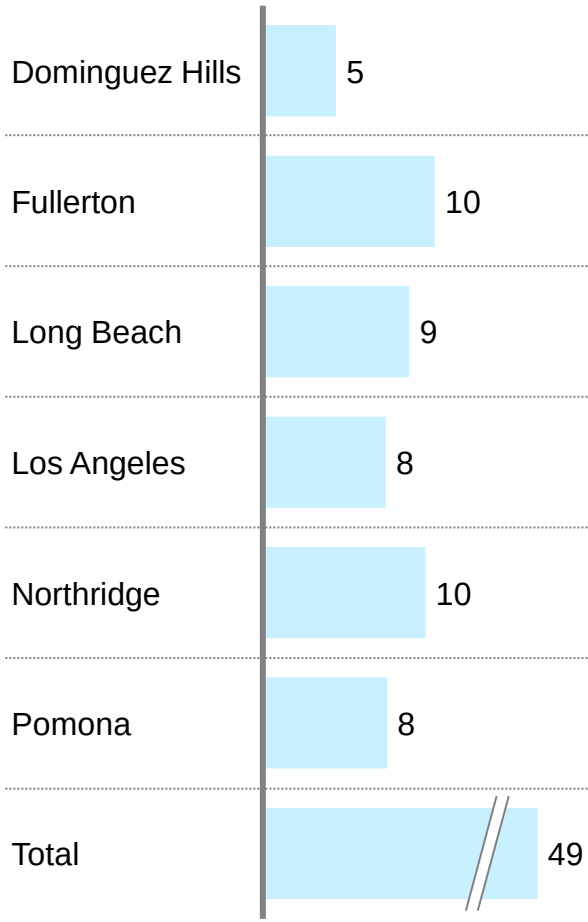
Historical enrollment for new resident students in CSU campuses, 2008-17
Number of students (headcount), thousands



1 Based on conversations with CSU, given high variability in the past 5 years

SOURCE: CSU statistical reports

1 Baseline capacity for CSU campuses in Los Angeles region is projected to be ~50k seats



	Total growth based on graduation initiatives # of students, thousands	Enrollment as % of funded target 2017-18
Dominguez Hills	0.5	5.5
Fullerton	1.2	7.1
Long Beach	1.0	0.6
Los Angeles	0.8	22.2
Northridge	1.2	8.9
Pomona	0.8	13.8
Total	**~6k**	

- **Maximum capacity is the 2-year[1] peak** of in-state new student enrollment by campus
- **No growth is assumed for the baseline scenario** given that:
  - Growth over the past five years was driven by a **recovery from 2011-12 budget cuts** and is not sustainable in the long run
  - **All campuses are currently enrolling above their funded target,** which limits resources (e.g. faculty) for capacity growth
- However, **successful graduation initiatives can grow capacity by 1% per year adding a total ~6k seats by 2030**

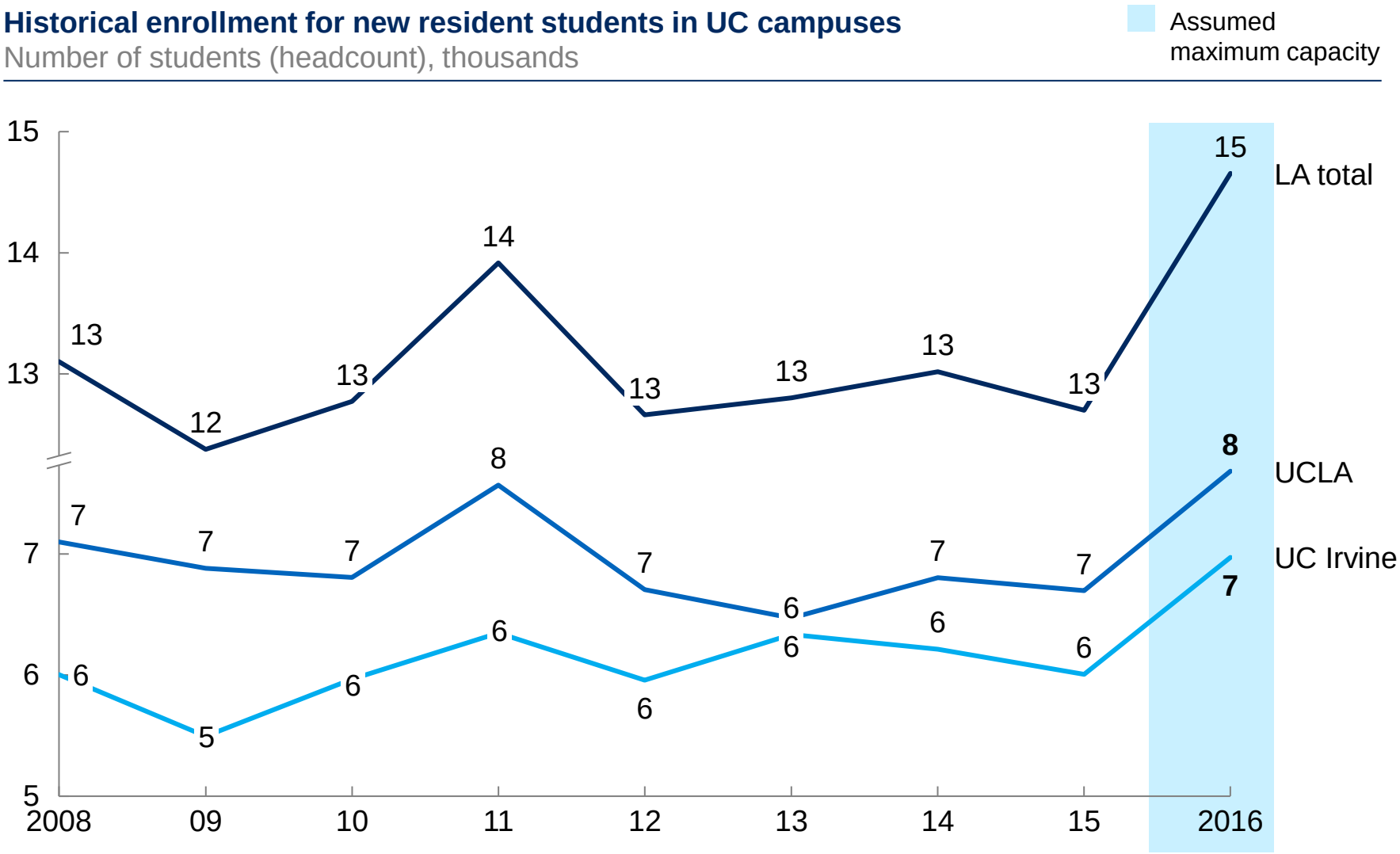
1 Following guidance from CSU as campuses are recovering from budget fall in 2011

SOURCE: CSU statistical reports, CSU 2017-18 Final Budget Allocations

1 Maximum in-state capacity for UC is based on the enrollment peak over the past 5 years

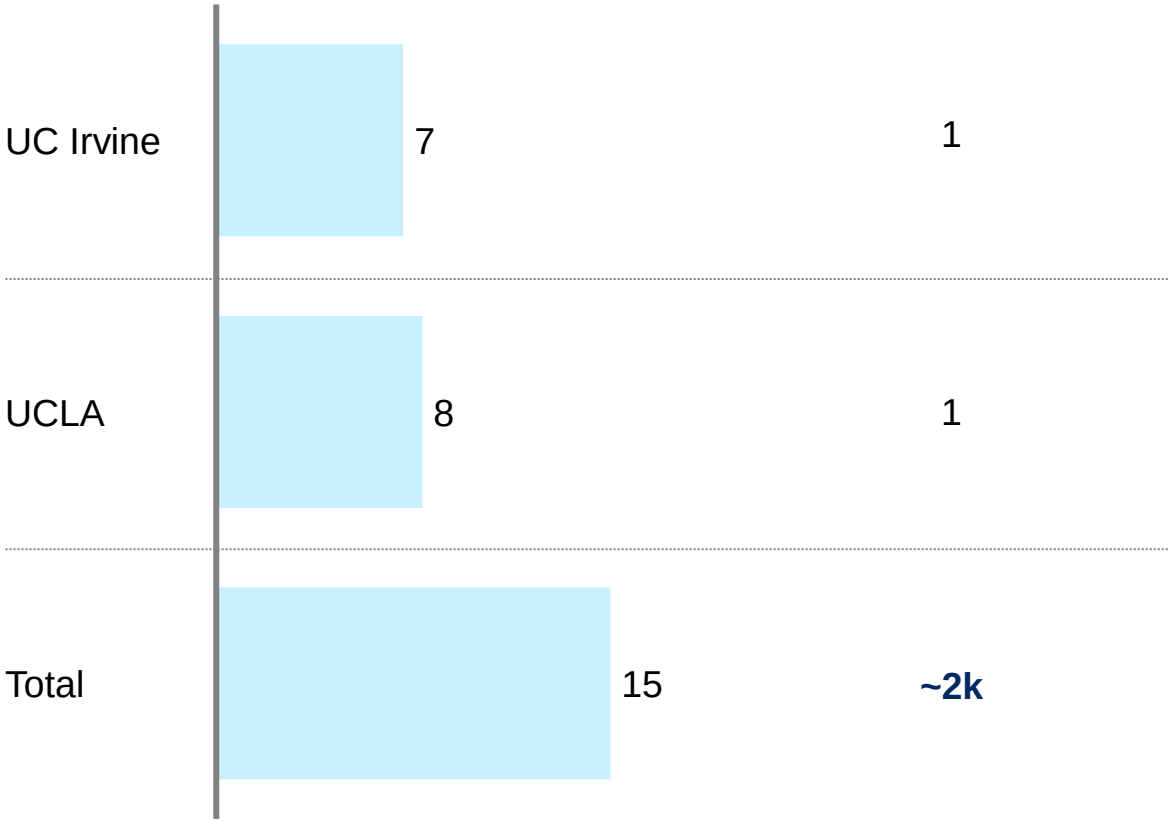
Historical enrollment for new resident students in UC campuses

Number of students (headcount), thousands



SOURCE: UC Infocenter

1 Baseline capacity for UC campuses in Los Angeles is projected to be ~15k seats



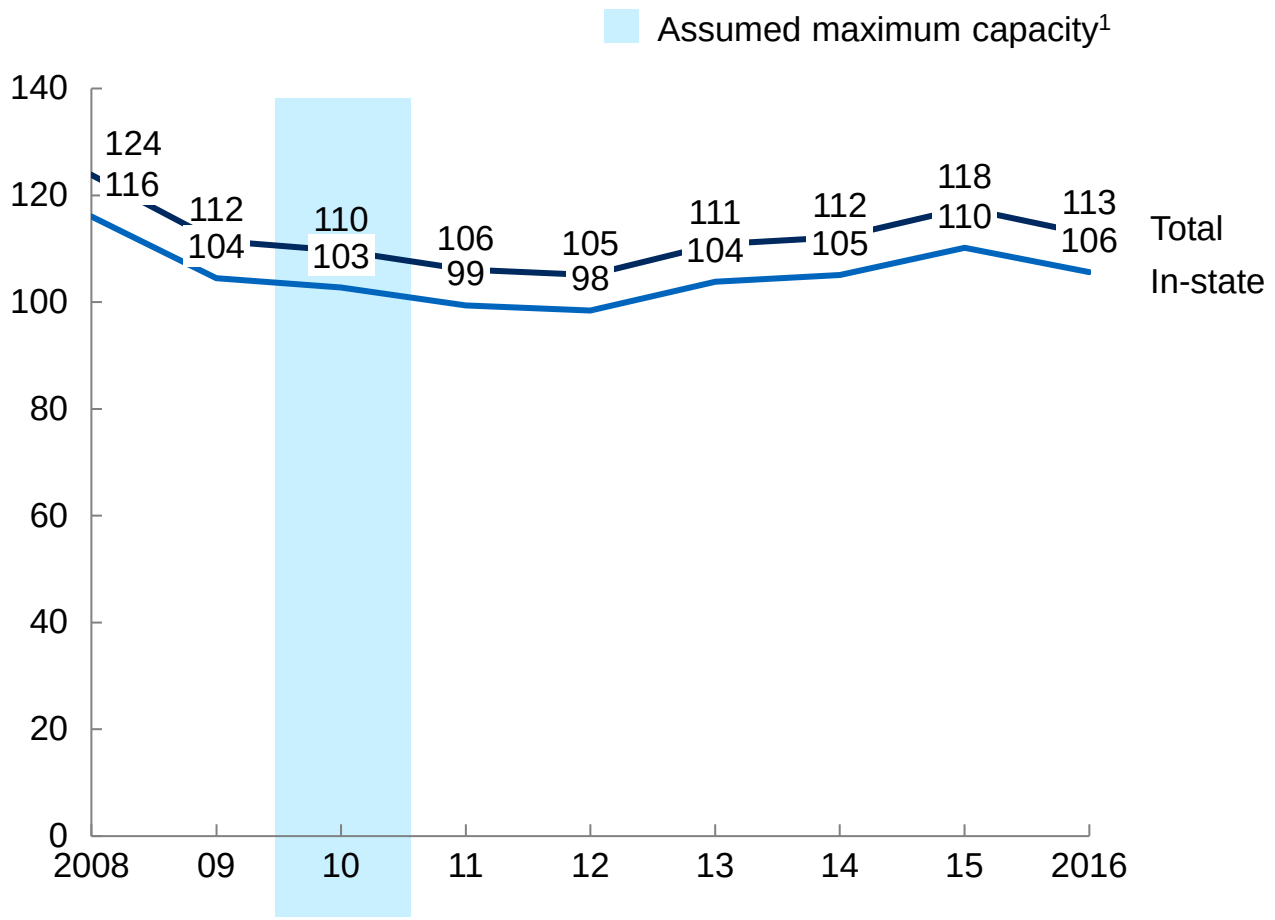
- **Maximum capacity is the 5-year peak** of in-state new student enrollment by campus
- **No growth is assumed for the baseline scenario** given that:
  - **Physical limitations** prevent increasing capacity at UCLA
  - **Uncertainty about budget allocation** for coming years prevents long-term capacity increase plans
- However, **successful graduation initiatives can grow capacity by 1% per year**, adding a total ~2k seats by 2030

SOURCE: UC Infocenter

1 Maximum in-state capacity for community colleges is based on the enrollment peak over the past 5 years

Historical enrollment for new students in community colleges, 2008-16

Number of students (headcount), thousands



- **For consistency with the statewide** assessment in which 2010 enrollment provided the maximum capacity statewide, the assumed maximum capacity for Los Angeles is **~103k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives to increase capacity** for all types of learners
  - Current maximum **capacity can meet projected future demand** (~78k)

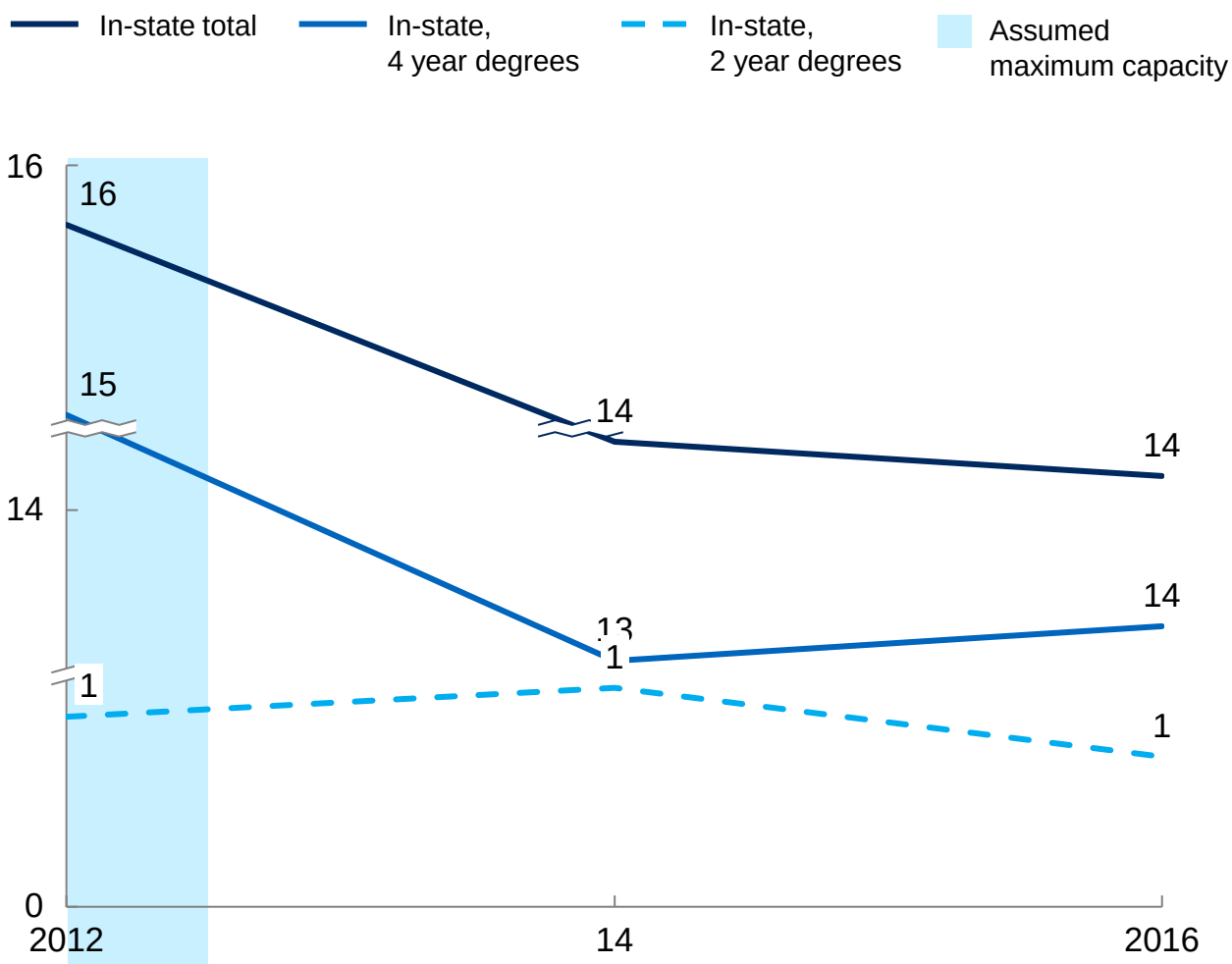
1 Consistent with statewide assumed maximum capacity

SOURCE: Datamart

1 Maximum in-state capacity for private nonprofit institutions is based on the enrollment peak over the past 5 years

Historical enrollment for new students in private nonprofits, 2012-16

Number of students (headcount), thousands



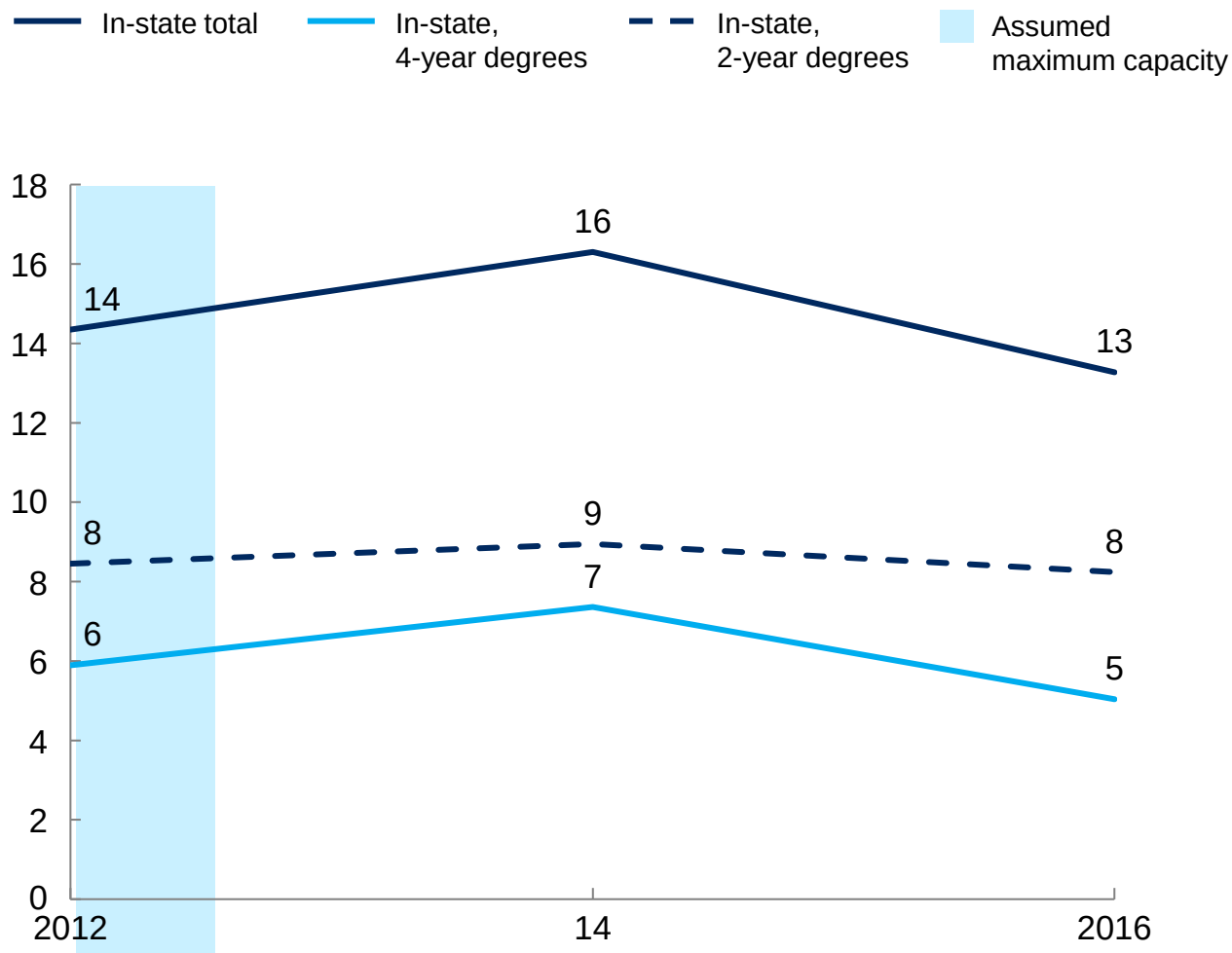
- **For consistency with the statewide** assessment in which 2012 enrollment provided the maximum capacity statewide, the assumed maximum capacity for Los Angeles is **~16k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives** to increase capacity
  - **In-state new student enrollment** has declined over the past 2 years
  - AICCU members report they are **operating under capacity**

SOURCE: IPEDS

1 Maximum in-state capacity for private for-profit institutions is based on the enrollment peak over the past 5 years

Historical enrollment for new students in private for-profits, 2012-16

Number of students (headcount), thousands



- **For consistency with the statewide** assessment in which 2012 enrollment provided the maximum capacity statewide, the assumed maximum capacity in Los Angeles is **~14k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives** to increase capacity
  - **In-state new student enrollment** has declined over the past 2 years

SOURCE: IPEDS

2 Three key assumptions drive demand projections for Los Angeles

Assumption	Baseline scenario
Number of 12th graders	▪ Projected number of 12th graders is based on current K-12 enrollment with no significant migration
High school graduation rates	▪ Graduation rates are a blended average by race/ethnicity, with each group growing at 5-year CAGR until reaching a 'ceiling' at the average rate of the next-highest quartile (from 90% to 93%)
UC/CSU eligibility rates	▪ UC/CSU eligibility is defined as A-G course completion ▪ Eligibility rates are a blended average by race/ethnicity, with each group growing at 5-year CAGR until reaching a 'ceiling' at the average rate of the next-highest quartile (from 52% to 57%)
College-going rates for UC/CSU eligible students who do not attend UC/CSU	▪ College-going rates for UC/CSU eligible students are higher than state average (85% vs. 70% state average)
College-going rates for non-UC/CSU eligible students	▪ College-going rates for non-eligible students are lower than average (50% vs. 70% state average)
Demand for 2-year programs	▪ Share of non-UC/CSU eligible students demanding 2-year degrees reflects historical enrollment in Los Angeles and Orange counties (78%)
Demand for 4-year programs	▪ Share of non-UC/CSU eligible students demanding 4-year degrees reflects historical enrollment in Los Angeles and Orange counties (22%)
Transfer cohort[1]	▪ Demand for 4-year programs from community college transfers reflects historic rates for 'transfer cohorts'[1] as a share of annual first-time enrollment for <25-years-old in CCCs in the region ▪ The transfer cohort as a share of annual first-time enrollment grows at 1% annually through 2030 as a result of ADT and Guided Pathways

1 Transfer cohort is defined as students who complete at least 12 credits and attempt transfer-level English or math

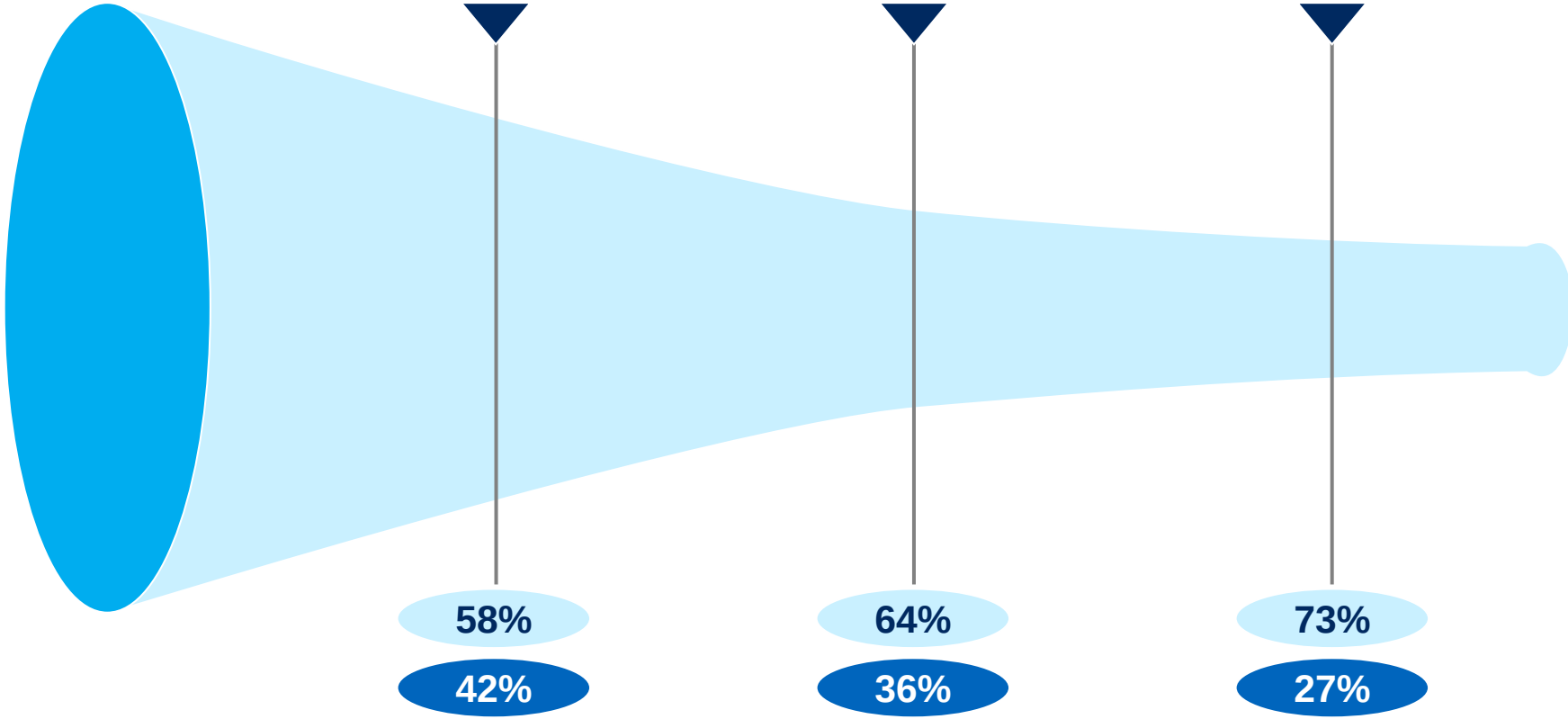
SOURCE: DataMart, UC InfoCenter, CSU, IPEDS, AICCU, NCHEMS, California Department of Education

2 LA's 4-year public institutions enroll ~75% of first-time students from the region, suggesting many students prefer studying close to home

XX Demand from LA XX Demand from outside LA

Applicants, admits, and enrollees to UC/CSU institutions in LA[1], Fall 2017

Number of students and % of students by origin



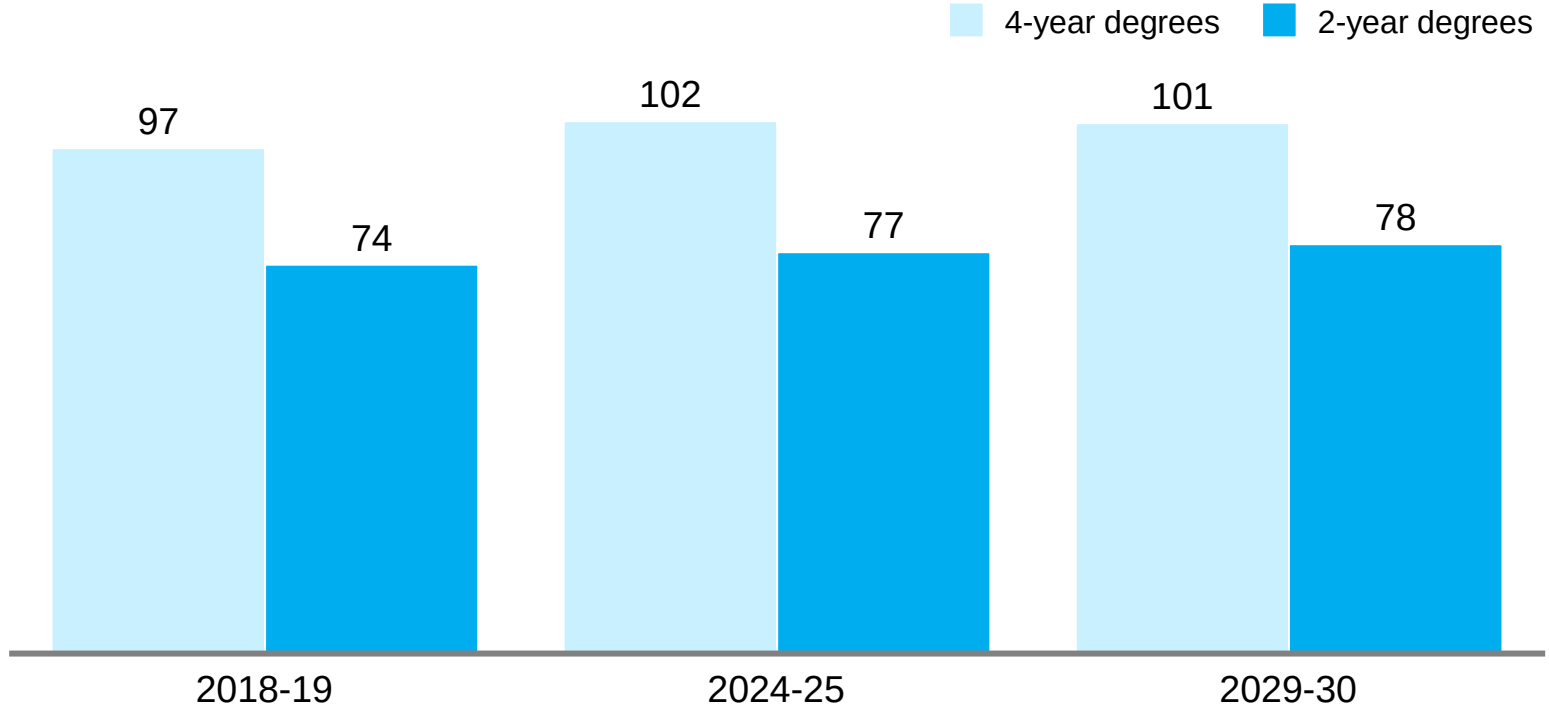
1 Includes UCLA, UC Irvine, CSU Dominguez, CSU Fullerton, CSU Los Angeles, CSU Long Beach, CSU Northridge, CSU Pomona

SOURCE: UC InfoCenter, CSU

2 Today there is a capacity gap for 4-year degrees in Los Angeles that will grow by 2030, as well as a capacity surplus for 2-year degrees

Projected annual demand for higher education in Los Angeles by type of degree through 2030

Number of students, thousands



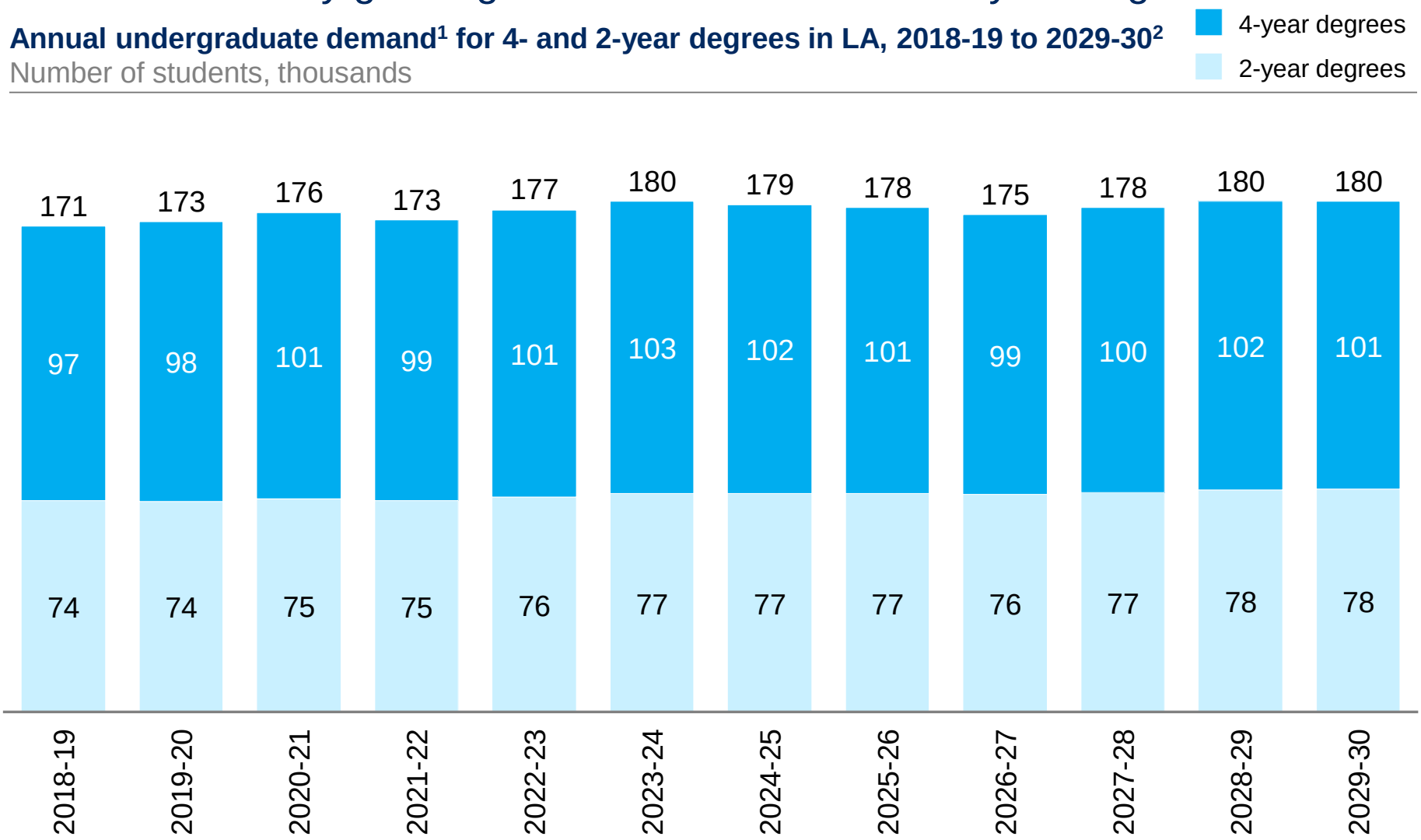
	2018-19	2024-25	2029-30
Capacity gap for 4-year degrees	-12	-17	-16
Capacity gap for 2-year degrees	+38	+35	+34

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 Demand for undergraduate degrees in LA will increase modestly through 2030 driven by growing demand for both 4- and 2-year degrees

Annual undergraduate demand[1] for 4- and 2-year degrees in LA, 2018-19 to 2029-30[2]

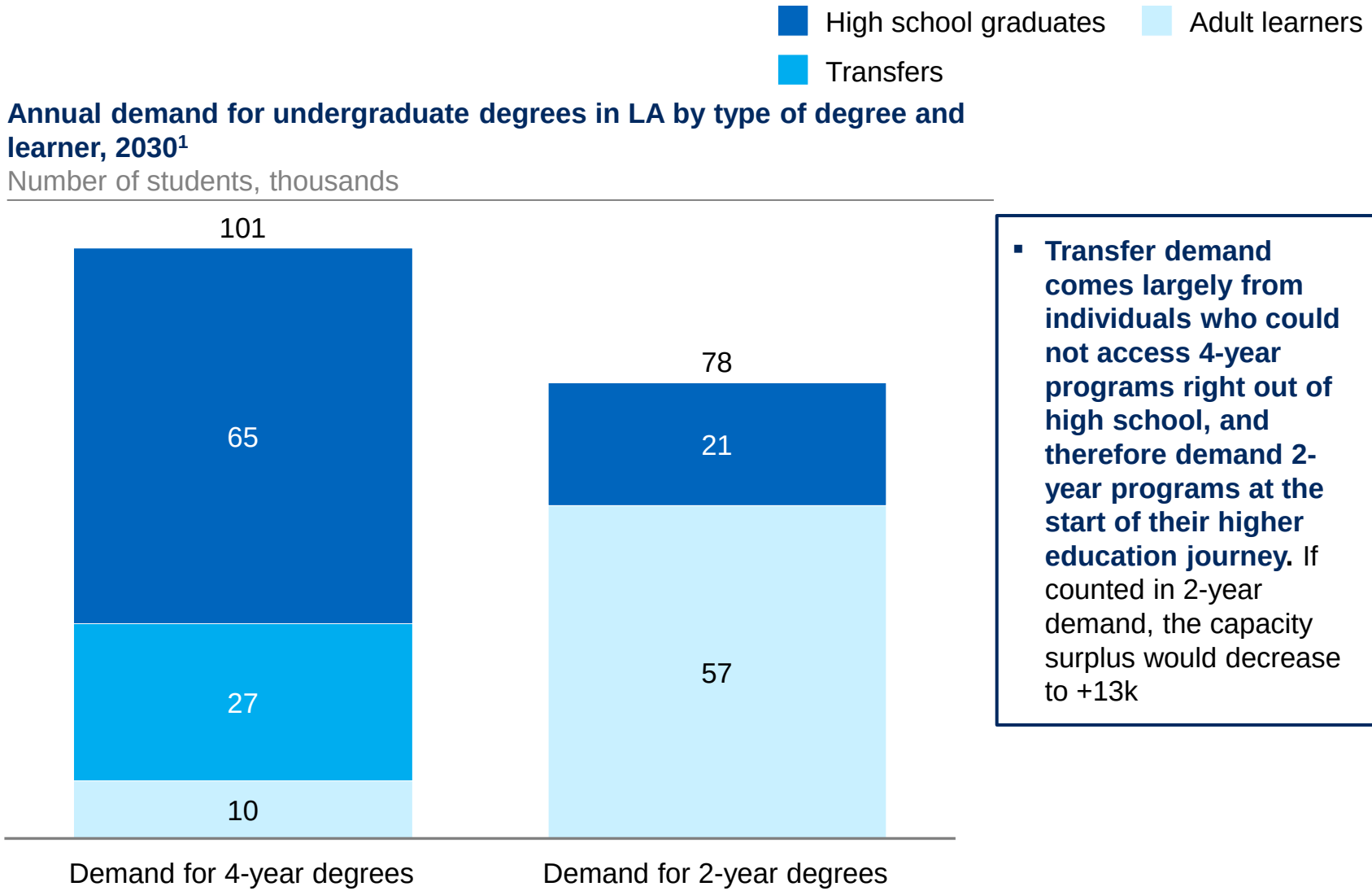
Number of students, thousands



1 Demand for 4-year degrees is inclusive of demand from graduates from LA high schools, transfer students at LA community colleges, and adults residing in LA
2 Baseline scenario shown

SOURCE: IPEDS, UC InfoCenter, CSU, DataMart

2 Demand for 4-year degrees will be driven by recent high school graduates and demand for 2-year degrees will be driven by adult learners

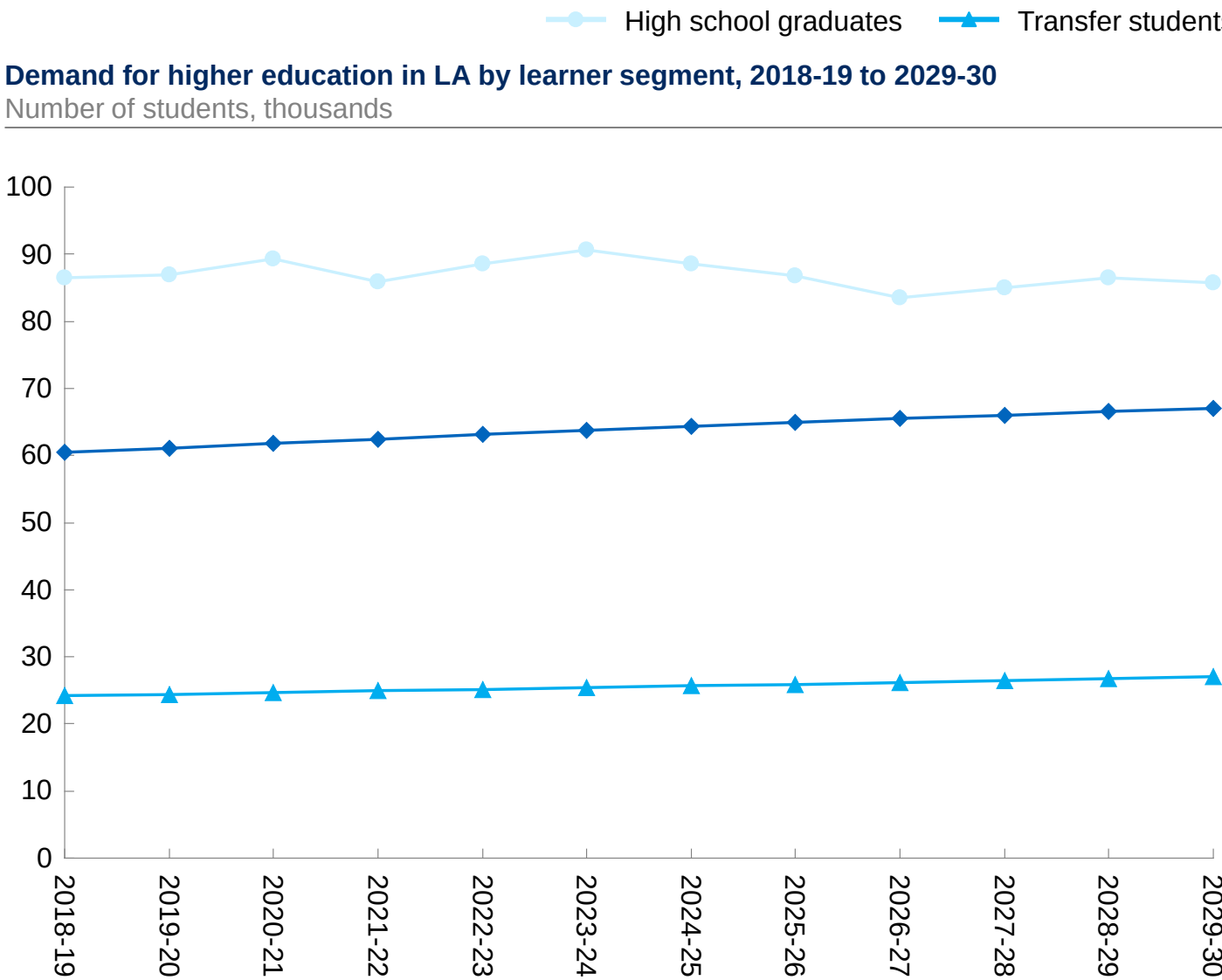


- **Transfer demand comes largely from individuals who could not access 4-year programs right out of high school, and therefore demand 2-year programs at the start of their higher education journey.** If counted in 2-year demand, the capacity surplus would decrease to +13k

1 Baseline scenario shown

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 Demand from recent high school graduates will decrease modestly while demand from transfer students and adult learners will grow



- **Demand from high school graduates will decline due to declining K-12 enrollment** despite improving outcomes
- **Transfer demand will increase at 1% annually** based on 5-year CAGR
- **The share of adults who return to higher education will remain constant** but the number of adult leaners will increase due to a growing adult population

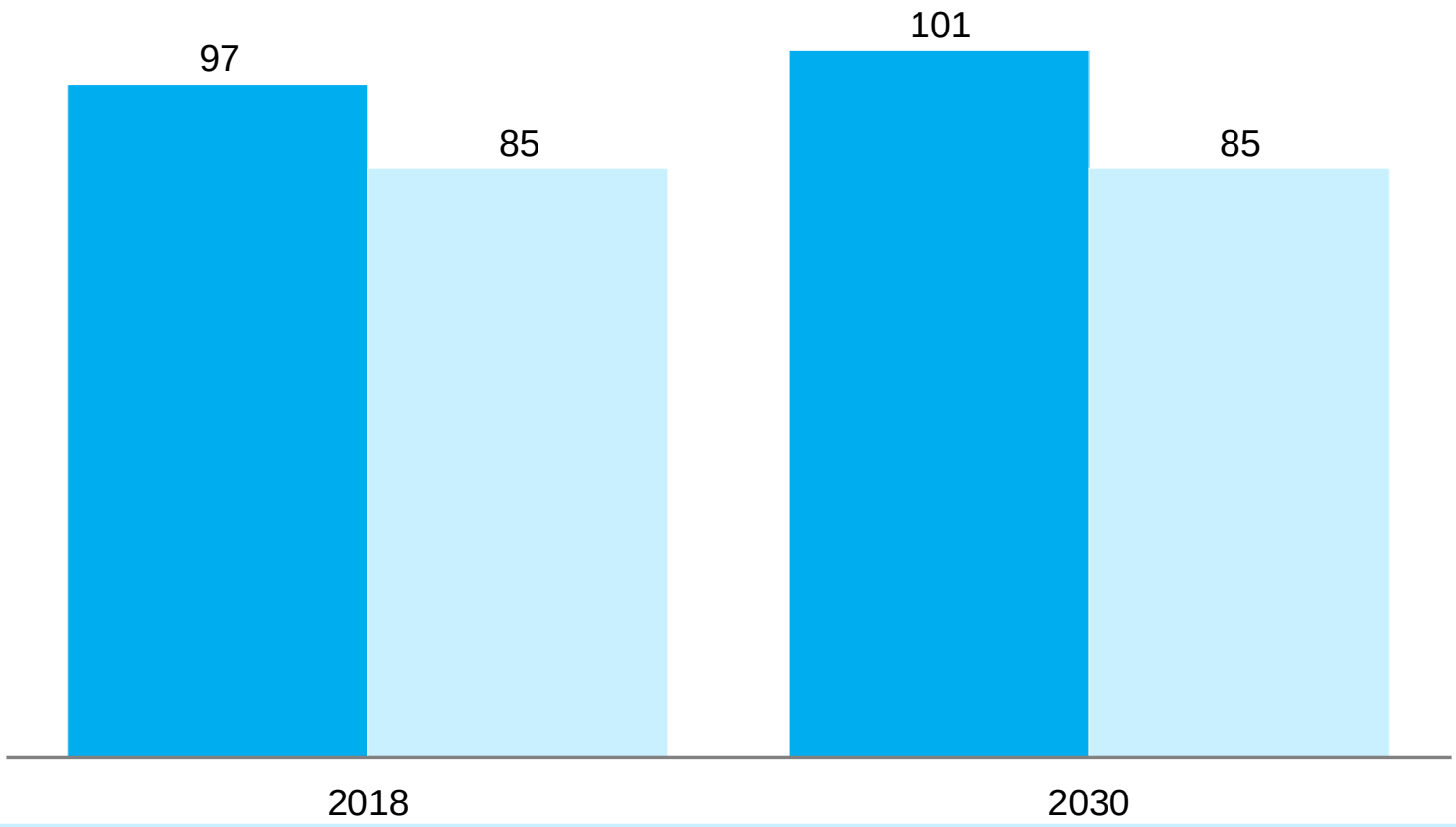
SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 The number of students demanding 4-year degrees in LA exceeds available seats today and this gap will grow by 2030

Demand Capacity

Annual demand for 4-year degrees in LA[1] vs. supply of 4-year degrees in LA, 2018 and 2030

Number of students and seats, thousands



1 Demand for 4-year degrees includes recent high school graduates who are UC/CSU eligible and study in CA, demand for 4-year degrees from recent high school graduates who are not UC/CSU eligible and study in CA, and demand from adult learners for 4-year degrees who study in CA. UC/CSU eligibility is defined by completion of A-G requirements

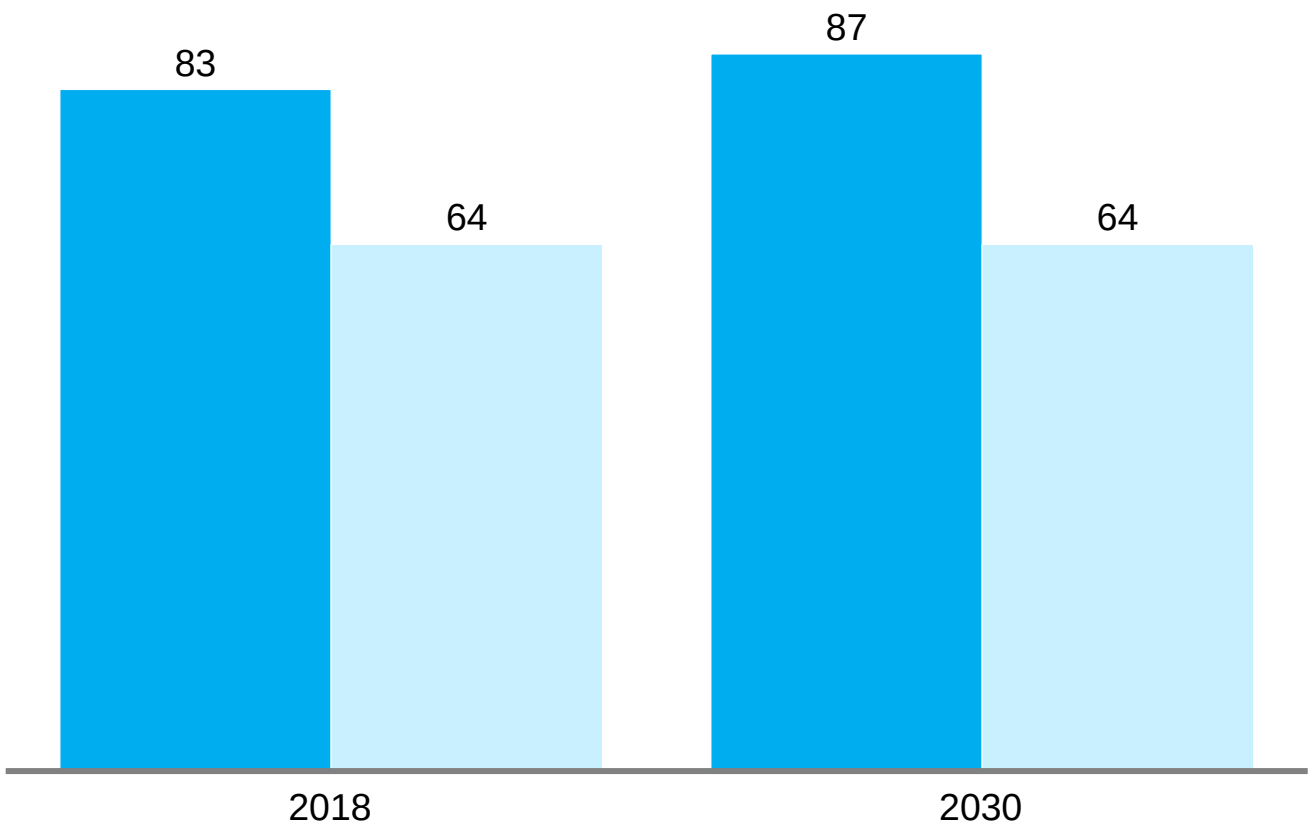
SOURCE: IPEDS, UC InfoCenter, CA Department of Education, DataMart, CSU, NCHEMS

2 LA's UC/CSU campuses do not have capacity to educate all eligible students from the region and this gap will grow by 2030

Demand
Capacity

Demand from UC/CSU eligible[1] students for 4-year degrees in LA vs. UC/CSU capacity in LA, 2018 and 2030

Number of students and number of seats, thousands



- **LA's UC/CSU campuses will only have capacity to educate ~70% of eligible students in the region by 2030**

1 Eligibility is defined as completion of the A-G requirements in an LA high school or status in the 'transfer cohort' at LA CCCs. The transfer cohort includes students enrolled in community colleges who have completed at least 12 credits and attempted transfer-level English or math

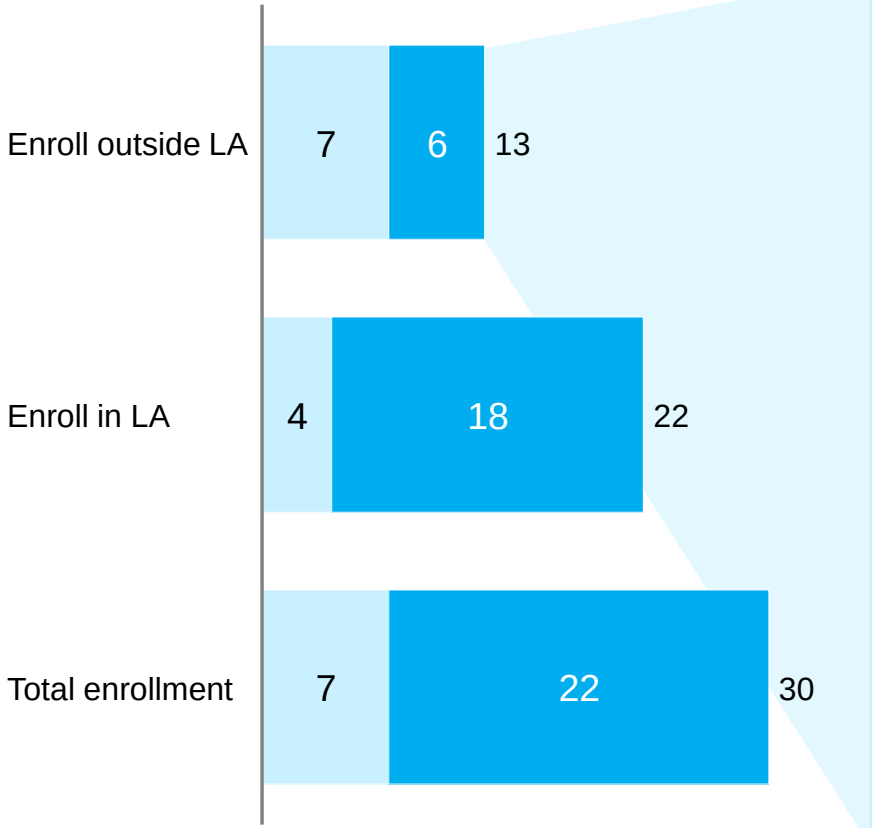
SOURCE: IPEDS, UC InfoCenter, CA Department of Education, DataMart, CSU, NCHEMS

2 The largest share of students from LA who attend UC/CSU institutions outside the region attend institutions near home

UC
CSU

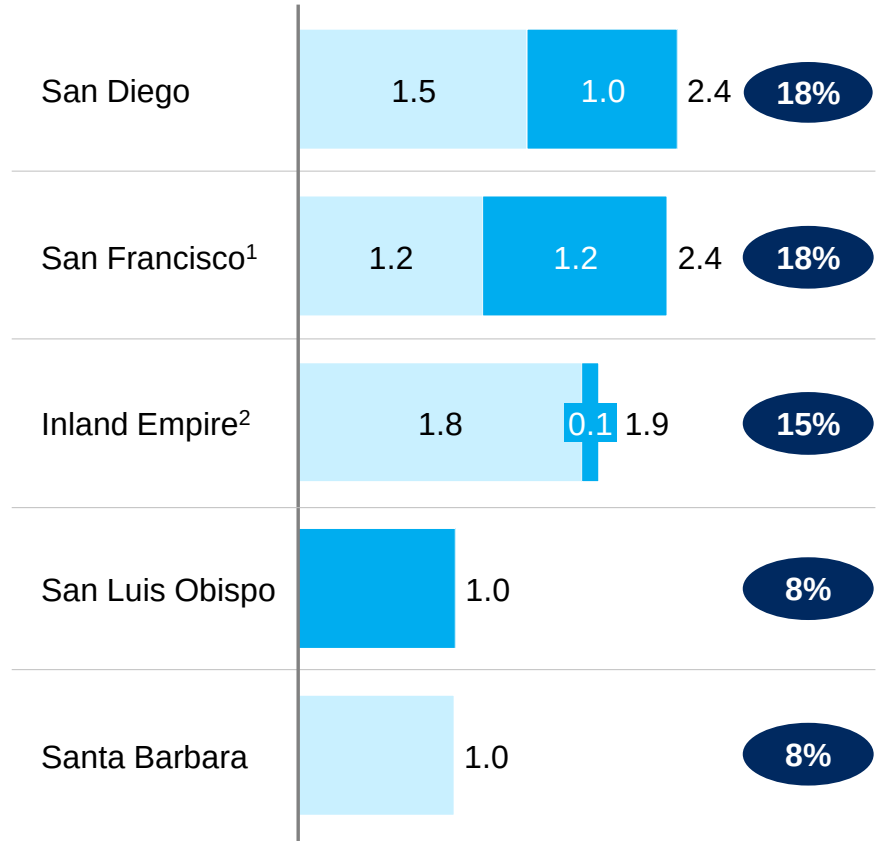
Enrollment in UC/CSU institutions by first-time freshmen from LA, Fall 2017

Number of enrollees, thousands



Enrollment by first-time freshmen from LA in UC/CSU institutions outside LA by region, Fall 2017

Number of enrollees, thousands



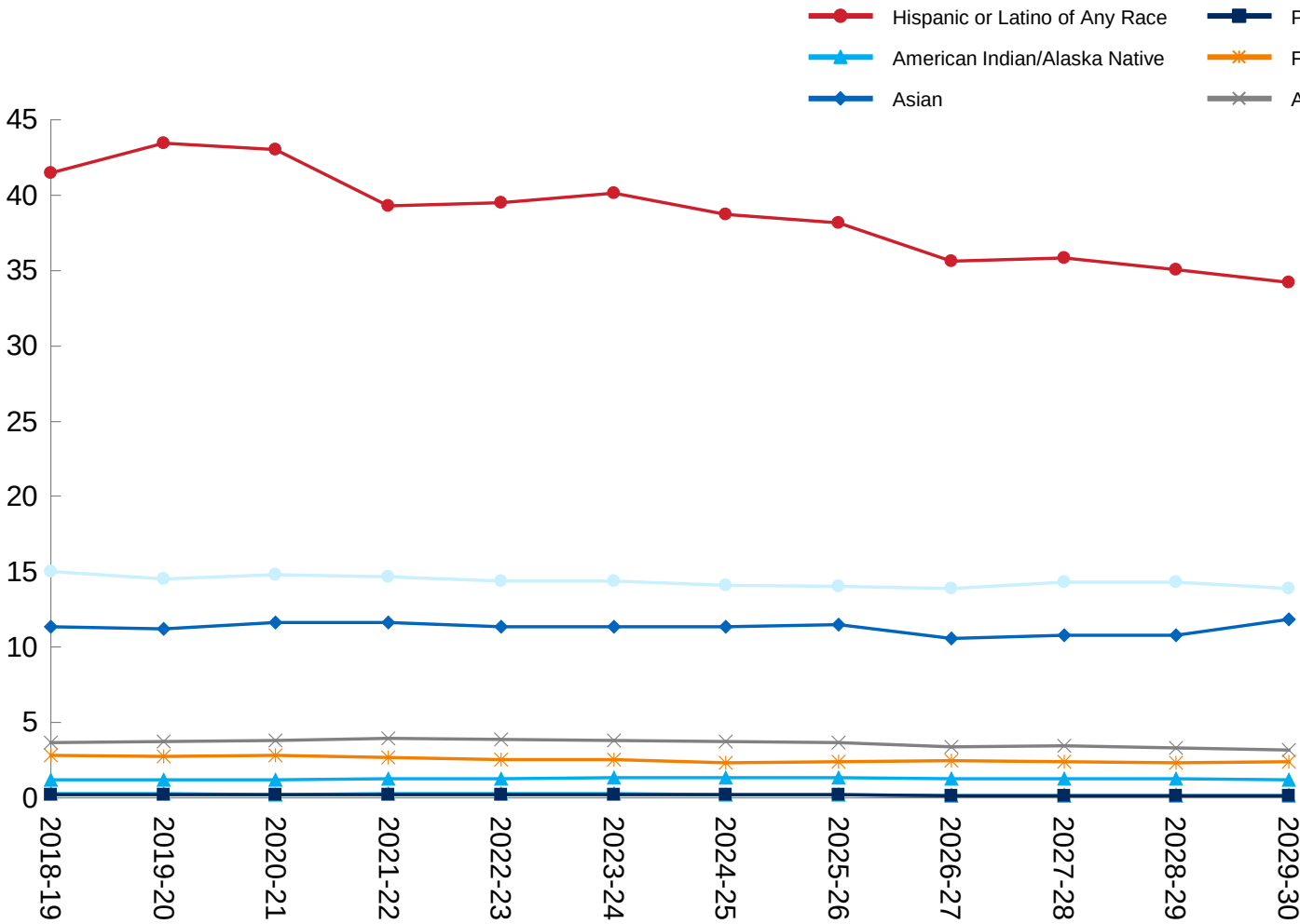
1 San Francisco includes Alameda, Contra Costa, Marin, San Francisco, and San Mateo counties
2 Inland Empire includes Riverside and San Bernardino counties

SOURCE: UC InfoCenter, CSU

2 Half of UC/CSU eligible high school graduates in LA will be students of color[1] by 2030

Projected UC/CSU eligible students[2] by race/ethnicity in LA, 2030

Number of students, thousands



- **Hispanic students will be 44% of eligible high school graduates** despite declines K-12 enrollment for this population

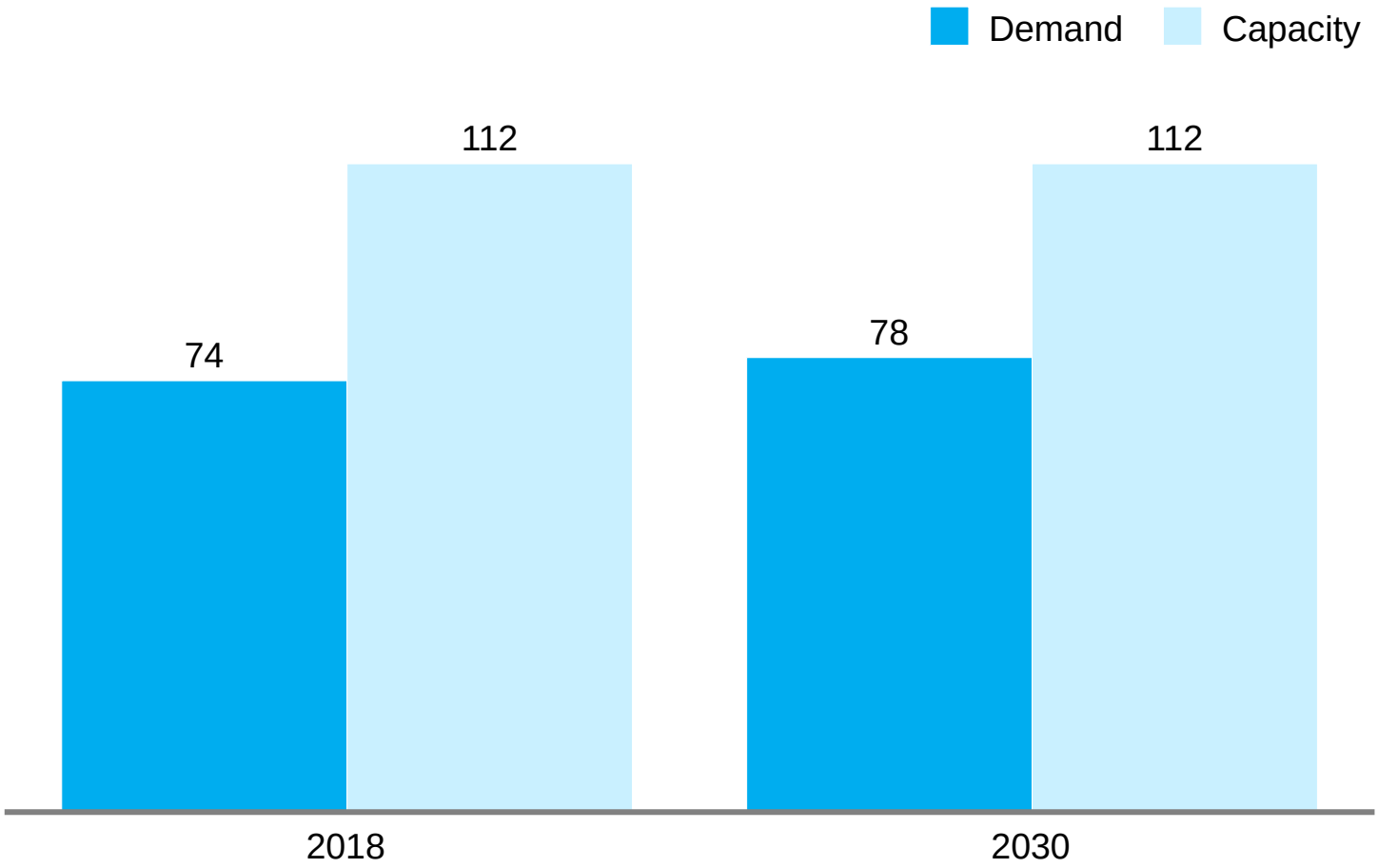
1 Includes Hispanic, American Indian/Alaska Native, Pacific Islander, and African American students
2 Eligibility is defined as completing the A-G requirements

SOURCE: California Department of Education

2 There is enough capacity in LA to fulfill demand for 2-year degrees and this trend will continue through 2030

Demand for 2-year degrees in LA[1] vs. supply of 2-year degrees in LA, 2018 and 2030

Number of students and seats, thousands



- **71% of demand comes from adult learners, who will demand 61k[2] 2-year degrees in 2030**
- Even in a recession scenario, there would still be enough capacity to meet demand for 2-year degrees

1 Demand for 2-year degrees includes demand from non-UC/CSU eligible recent high school graduates from LA and adult learners from LA
2 The high demand scenario reflects a recession scenario

Contents

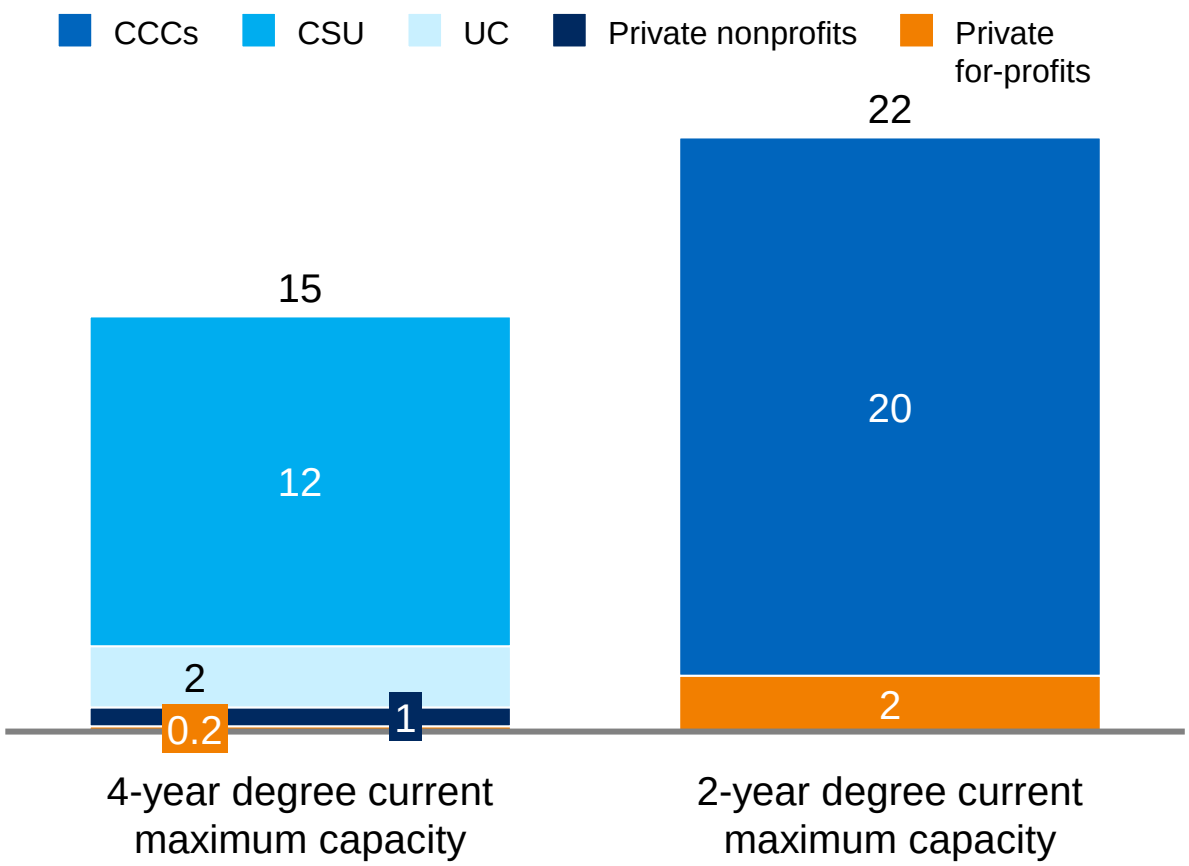
The capacity assessment includes 3 key analyses

1. Capacity for higher education in the Central Valley
2. Demand for higher education in the Central Valley
3. Labor market assessment in the Central Valley

1 Central Valley baseline undergraduate capacity will be 20k for 2-year degrees and 16k for 4-year degrees

2030 Central Valley undergraduate capacity

Number of students (headcount), thousands



- **Baseline scenario assumes the current maximum capacity**, calculated from the 5-year peak in enrollment. No additional seats are included given uncertainty about budget allocation in coming years
- **For UC and CSU institutions, a ~13% capacity increase could come from graduation initiatives based on CSU analyses.** This will decrease the capacity gap from 14k to 12k

SOURCE: UC InfoCenter, CSU statistical reports, IPEDs, Datamart

1 Baseline capacity in the CV is projected based on historical enrollment

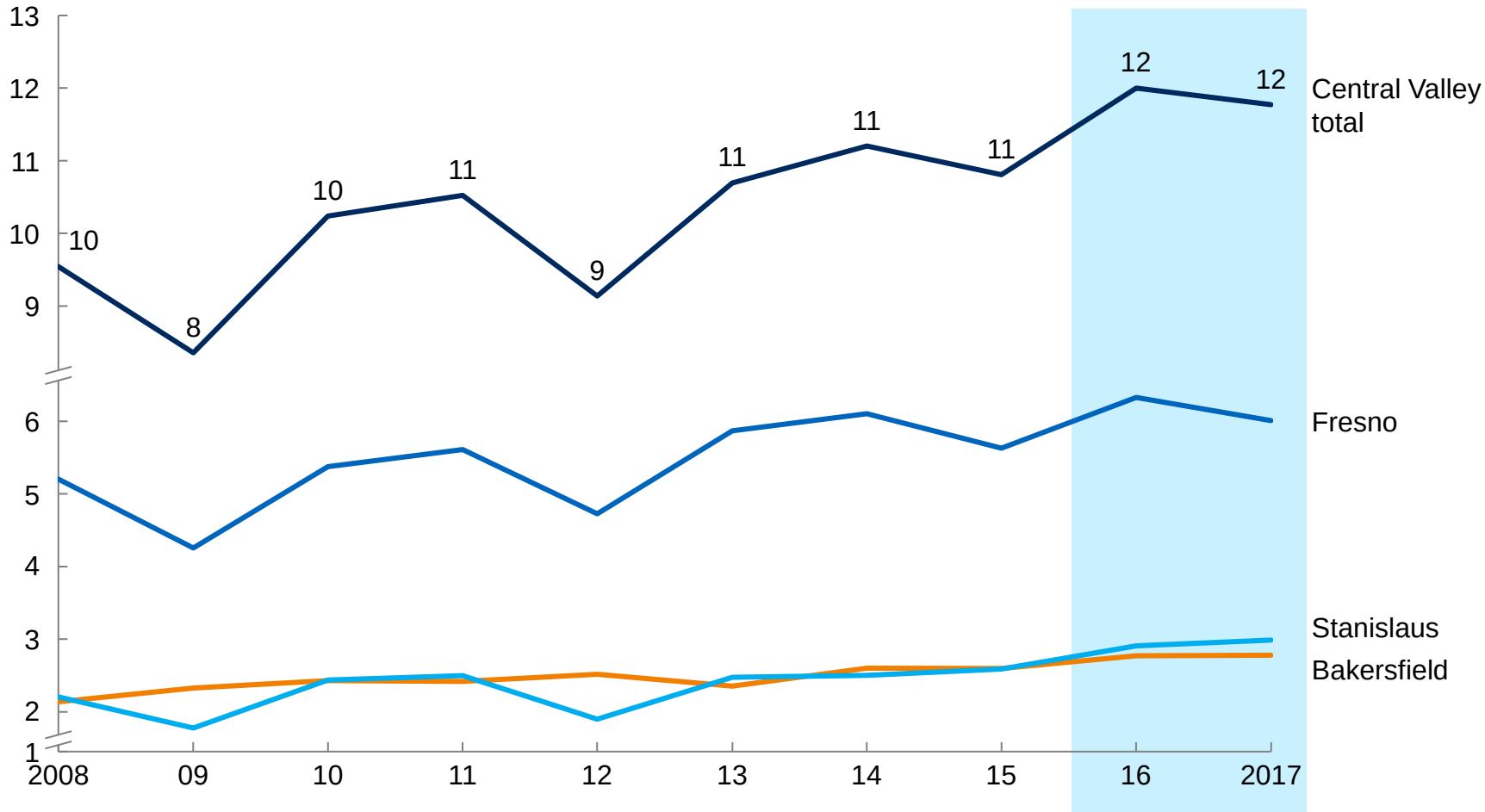
	Baseline capacity	Increased capacity due to graduation initiatives
CSU	▪ **2-year[1] peak of in-state new student enrollment** at the campus level gives a total of seats ▪ Following guidance from the working group, we use fall term freshmen and 12-month transfer enrollment	▪ **Based on CSU analyses on new graduation initiatives**, we increase new student enrollment by 1% per year. Following guidance from CSU this is not included in the baseline scenario
UC	▪ **5-year peak of in-state new student enrollment** at the campus level gives a total of seats ▪ Following guidance from the working group, we use fall term freshmen and 12-month transfer enrollment	▪ **Based on CSU analyses on new graduation initiatives**, we increase new student enrollment by 1% per year. Following guidance from UC this is not included in the baseline scenario
CCC	▪ **For consistency with the statewide** assessment in which 2010 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Central Valley is **in-state new student enrollment in 2010** ▪ Only freshmen fall term enrollment is used as **transfers mainly come from within the CC system or are dually enrolled in a 4-year institution**	▪ No known initiatives to increase capacity
Private non-profits	▪ **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Central Valley is **in-state new student enrollment in 2012** ▪ Fall enrollment is also used for transfers due to lack of 12-month data	▪ No known initiatives to increase capacity
Private for-profits	▪ **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Central Valley is **in-state new student enrollment in 2012** ▪ Fall enrollment is also used for transfers due to lack of 12-month data	▪ No known initiatives to increase capacity

1 Following suggestion from CSU as campuses are recovering from budget fall in 2011

1 CSU growth over the past five years was driven by a recovery from 2011-12 budget cuts and is not sustainable in the long run

Historical enrollment for new resident students in CSU campuses, 2008-17

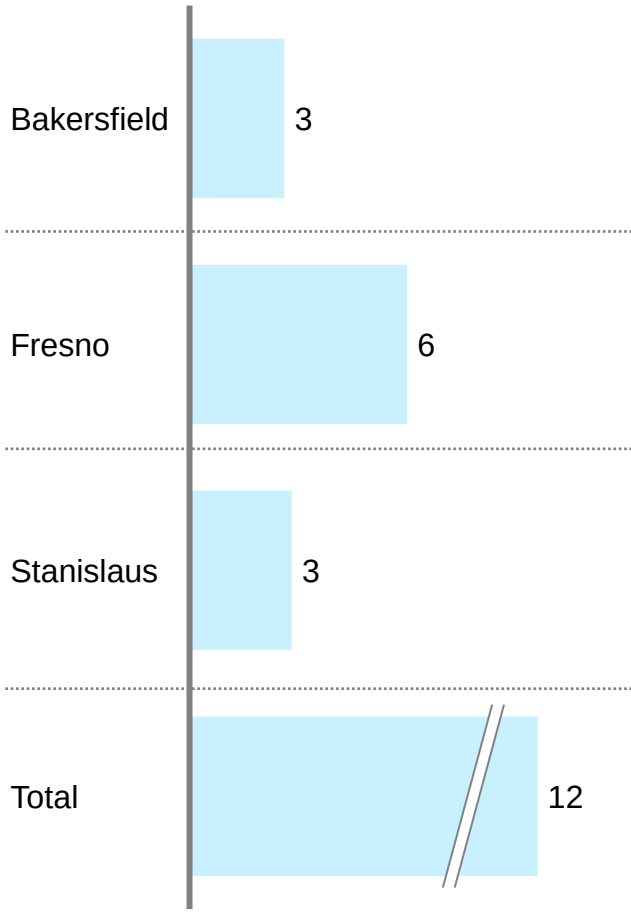
Number of students (headcount), thousands



1 Based on conversations with CSU, given high variability in the past 5 years

SOURCE: CSU statistical reports

1 Baseline capacity for CSU campuses in Central Valley is projected to be ~12k seats



	Total growth based on graduation initiatives # of students, thousands	Enrollment as % of funded target 2017-18
Bakersfield	0.3	9.7
Fresno	0.7	6.9
Stanislaus	0.3	8.7
Total	**~1k**	

- **Maximum capacity is the 2-year[1] peak** of in-state new student enrollment by campus
- **No growth is assumed for the baseline scenario** given that:
  - Growth over the past five years was driven by a **recovery from 2011-12 budget cuts** and is not sustainable in the long run
  - **All campuses are currently enrolling above their funded target,** which limits resources (e.g. faculty) for capacity growth
- However, **successful graduation initiatives can grow capacity by 1% per year adding a total ~1k seats by 2030**

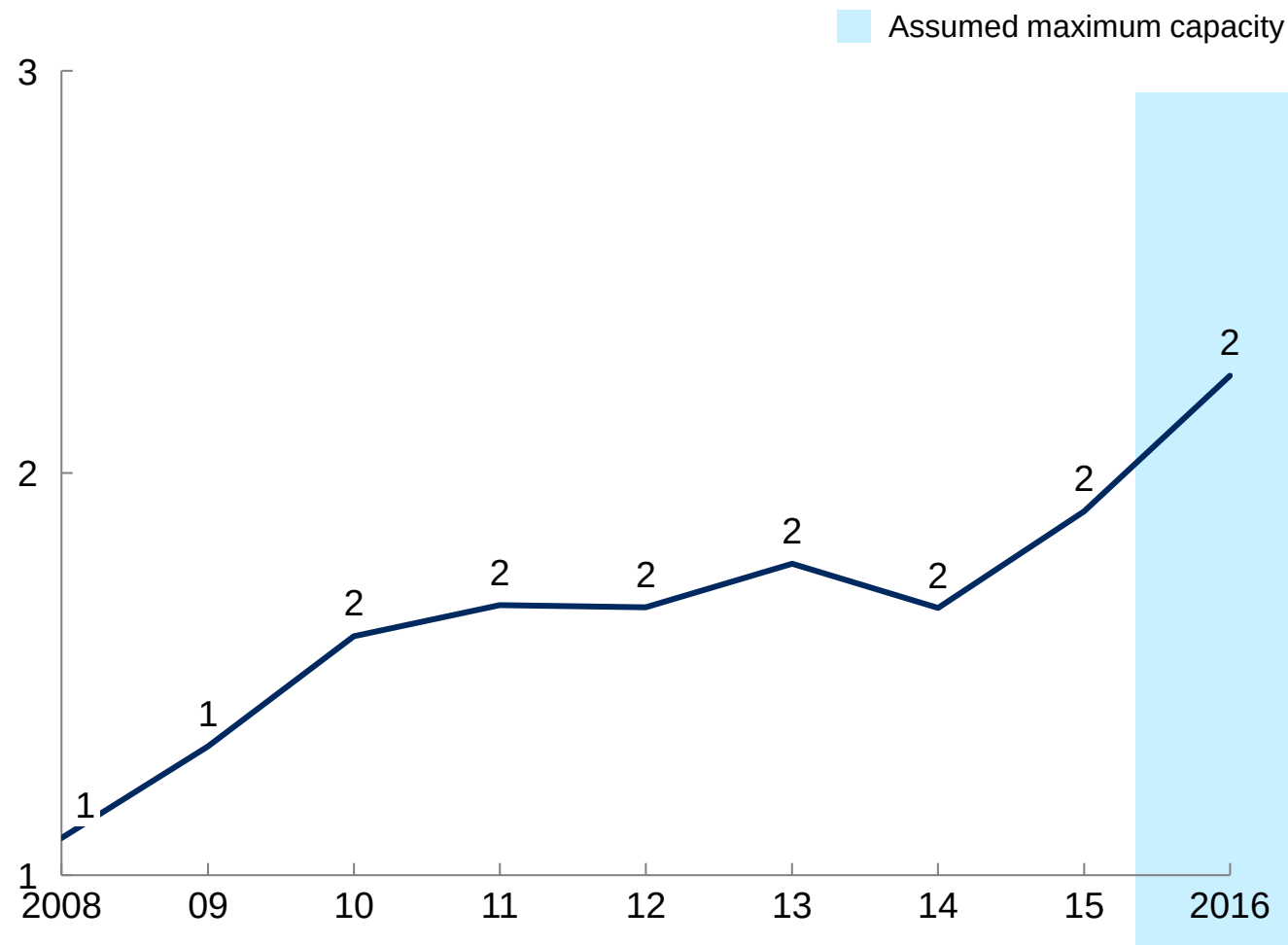
1 Following guidance from CSU as campuses are recovering from budget fall in 2011

SOURCE: CSU statistical reports, CSU 2017-18 Final Budget Allocations

1 Maximum in-state capacity for UC is based on the enrollment peak over the past 5 years

Historical enrollment for new resident students in UC Merced

Number of students (headcount), thousands



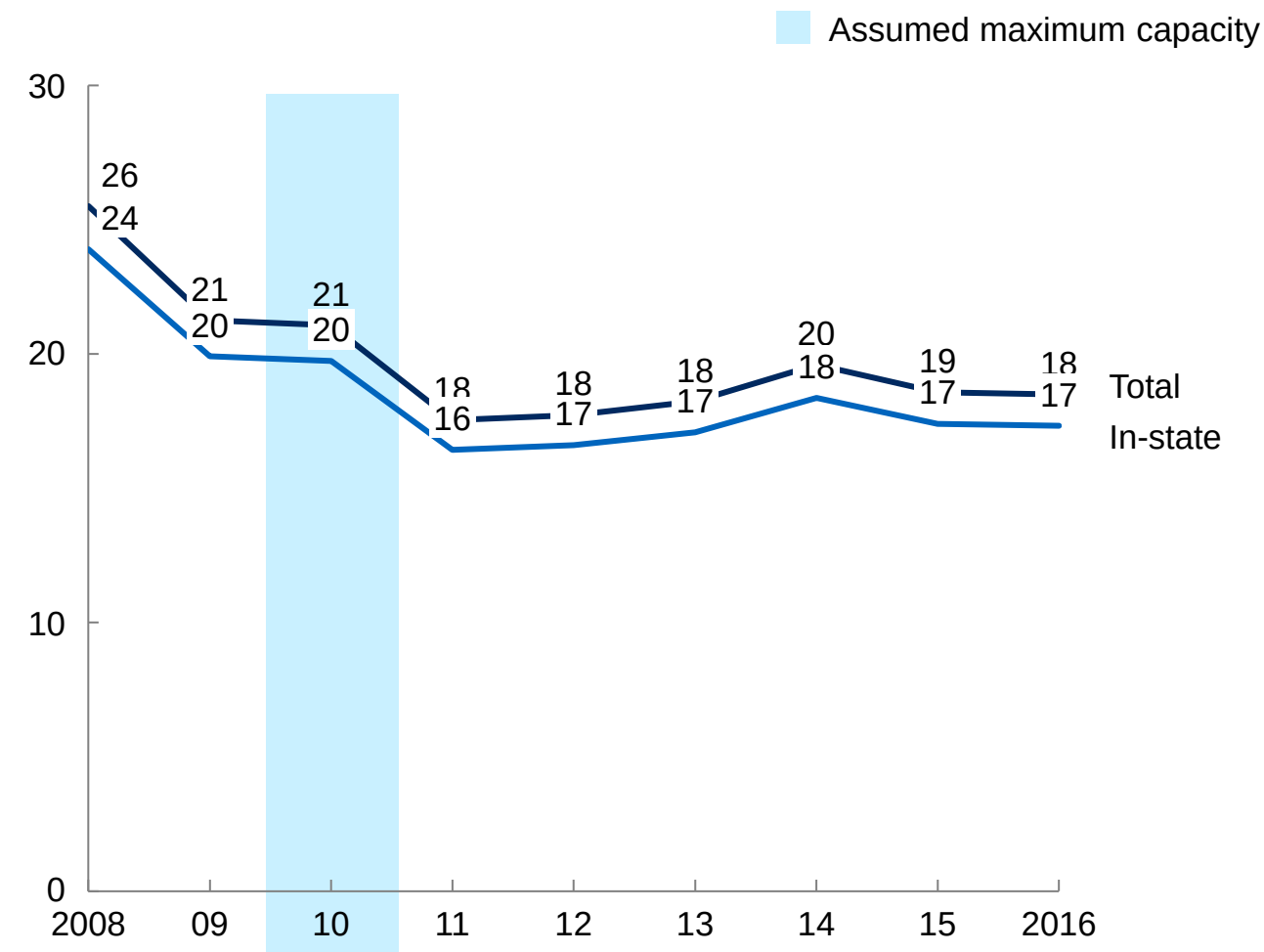
- **Maximum capacity is the 5-year peak** of in-state new student enrollment at Merced campus
- **No growth is assumed for the baseline scenario** given **uncertainty on budget allocation** for coming years
- However, **successful graduation initiatives can grow capacity by 1% per year**, adding a total ~0.3k seats by 2030

SOURCE: UC Infocenter

1 Maximum in-state capacity for community colleges is based on the enrollment peak over the past 5 years

Historical enrollment for new students in community colleges, 2008-16

Number of students (headcount), thousands



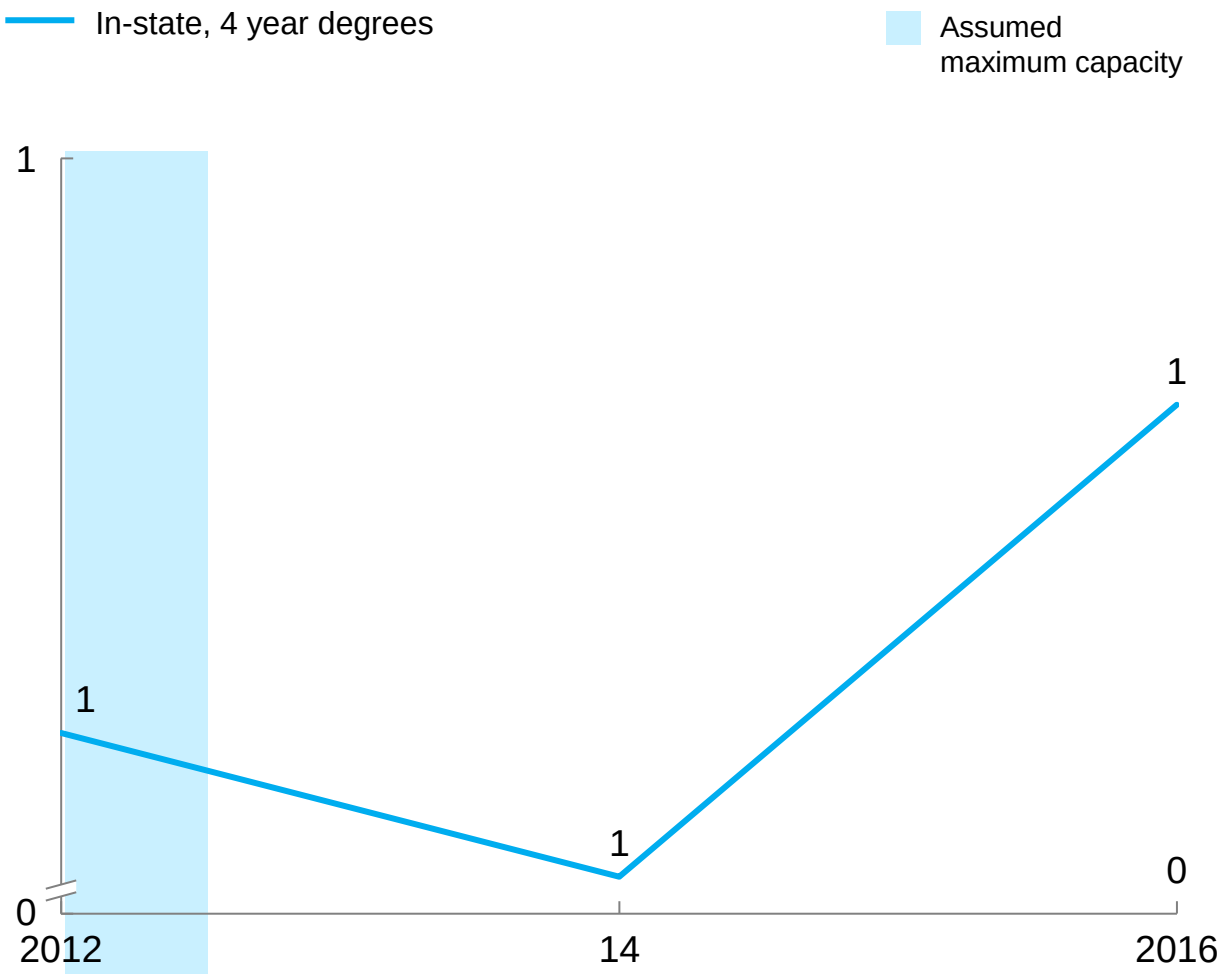
- **For consistency with the statewide** assessment in which 2010 enrollment provided the maximum capacity statewide, the assumed maximum capacity for Central Valley is **~20k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives to increase capacity** for all type of learners
  - Current maximum **capacity can meet projected future demand** (~10k)

SOURCE: Datamart

1 Maximum in-state capacity for private nonprofit institutions is based on the enrollment peak over the past 5 years

Historical enrollment for new students in private nonprofits, 2012-16

Number of students (headcount), thousands



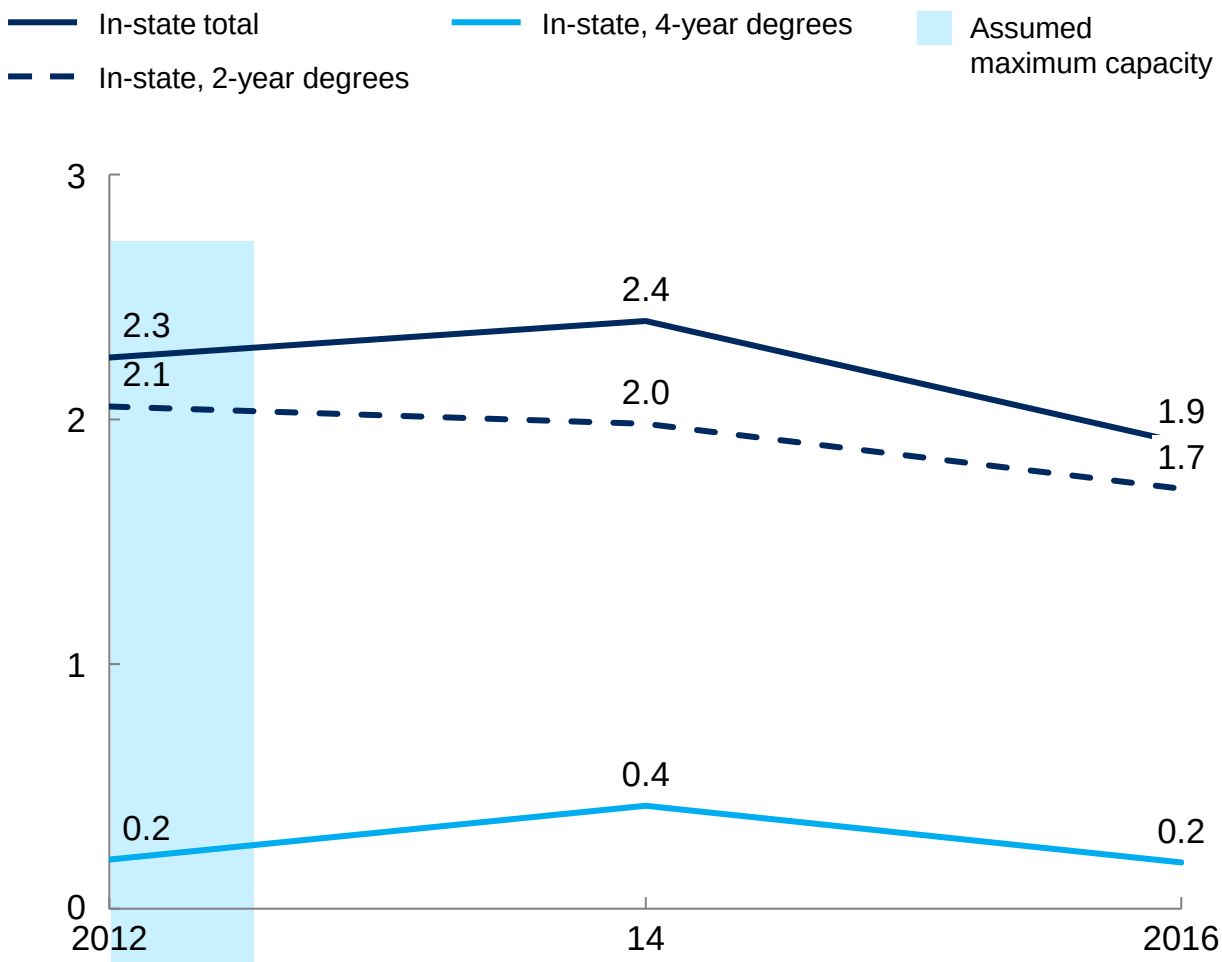
- **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Central Valley is **~1k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives** to increase capacity
  - AICCU members reported to be **operating under capacity**

SOURCE: IPEDS

1 Maximum in-state capacity for private for-profit institutions is based on the enrollment peak over the past 5 years

Historical enrollment for new students in private for-profits, 2012-16

Number of students (headcount), thousands



- **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Central Valley is **~2k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives** to increase capacity
  - **In-state new student enrollment** has plateaued over the past 2 years

SOURCE: IPEDS

2 Three key assumptions drive projections for demand in the Central Valley

Assumption	Baseline scenario
Number of 12th graders	▪ Projected number of 12th graders is based on current K-12 enrollment with no significant migration
High school graduation rates	▪ Graduation rates are a blended average by race/ethnicity, with each group growing at 5-year CAGR until reaching a 'ceiling' at the average rate of the next-highest quartile (from 90% to 93%)
UC/CSU eligibility rates	▪ UC/CSU eligibility rate is defined as A-G course completion ▪ Eligibility rates are a blended average by race/ethnicity, with each group growing at 5-year CAGR until reaching a 'ceiling' at the average rate of the next-highest quartile (from 42% to 45%)
College-going rates for UC/CSU eligible students who do not attend UC/CSU	▪ College-going rates for UC/CSU eligible students are higher than state average (85%)
College-going rates for non-UC/CSU eligible students	▪ College-going rates for non-eligible students are lower than average (50%)
Demand for 2-year programs	▪ Share of non-UC/CSU eligible students demanding 2-year degrees reflects historical enrollment in Kern, Stanislaus, Merced, and Fresno counties (58%)
Demand for 4-year programs	▪ Share of non-UC/CSU eligible students demanding 4-year degrees reflects historical enrollment in Kern, Stanislaus, Merced, and Fresno counties (42%)
Transfer cohort[1]	▪ Demand for 4-year programs from community college transfers reflects historic rates for 'transfer cohorts'[1] as a share of annual first-time enrollment for <25-years-old in CCCs in the region ▪ The transfer cohort as a share of annual first-time enrollment grows at 1% annually through 2030 as a result of ADT and Guided Pathways

1 Transfer cohort is defined as students who complete at least 12 credits and attempt transfer-level English or math

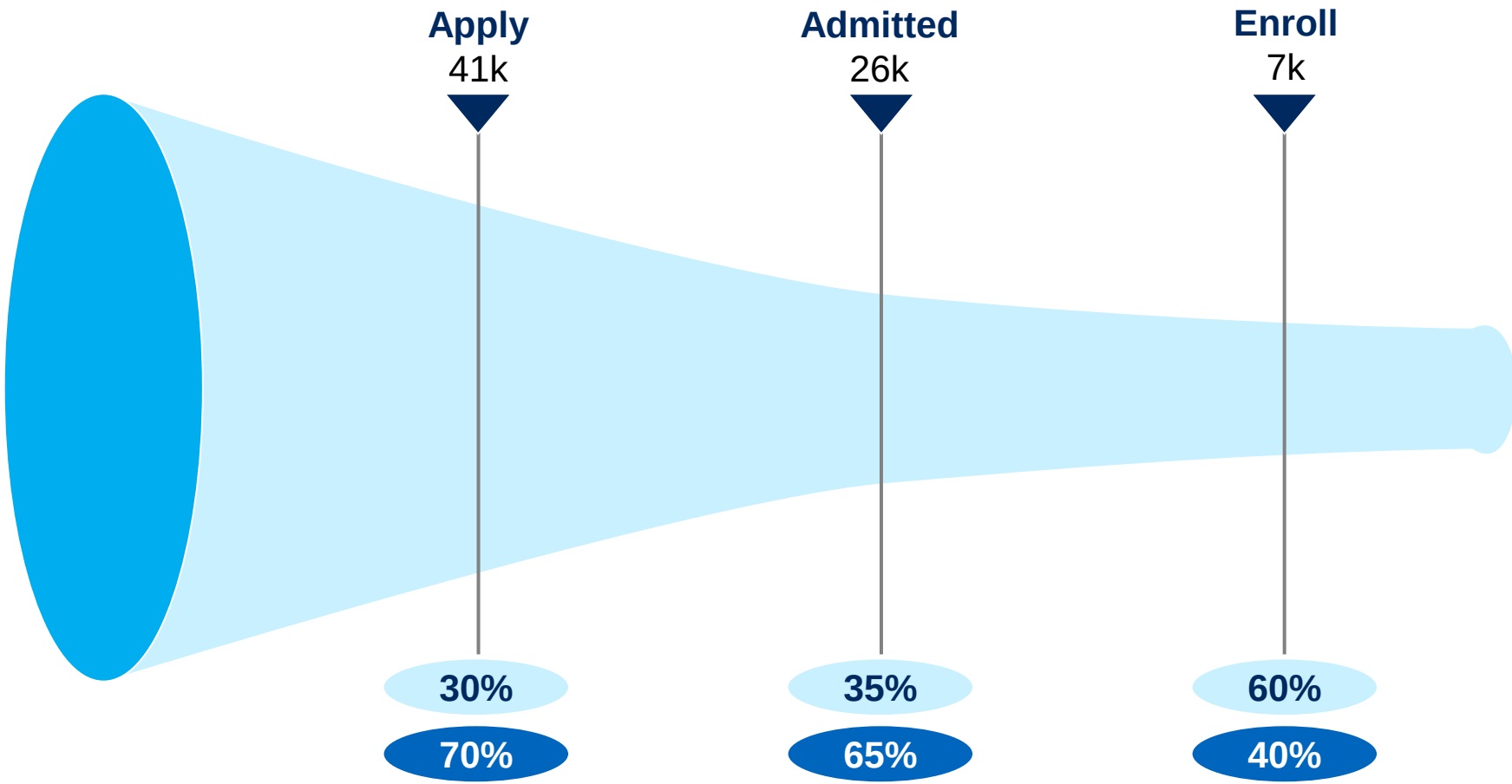
SOURCE: DataMart, UC InfoCenter, CSU, IPEDS, AICCU, NCHEMS, California Department of Education

2 Although a majority of applicants to Central Valley UC/CSU institutions are from outside the region most first-time enrollees are from the region

XX Demand from Central Valley XX Demand from outside Central Valley

Applicants, admits, and first-time enrollees[1] to Central Valley UC/CSU institutions

Number of students and % of students by origin



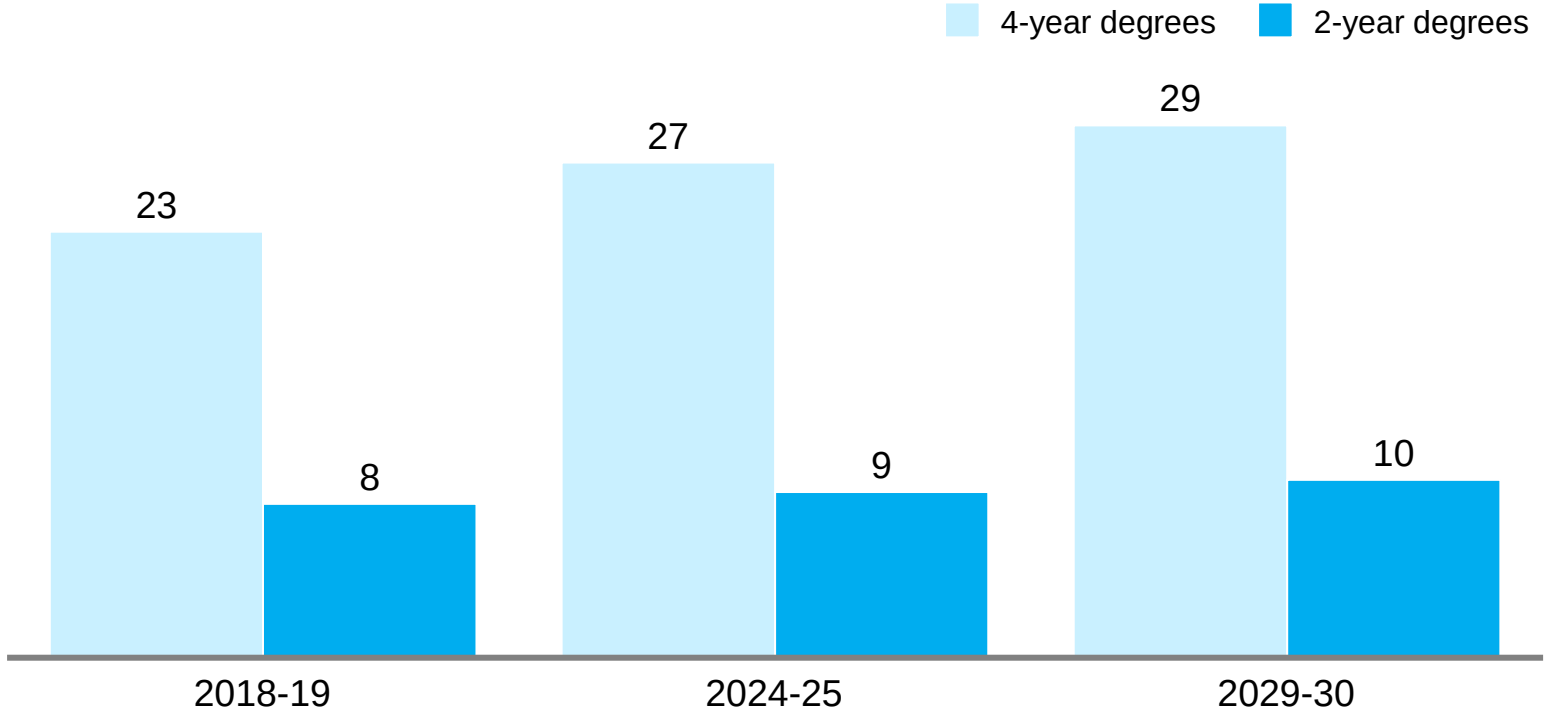
1 Includes first-time fall enrollment. Does not include transfer students
2 Includes CSU Bakersfield, CSU Fresno, CSU Stanislaus, and UC Merced

SOURCE: CSU, UC InfoCenter

2 Today there is a capacity gap for 4-year degrees in the Central Valley that will grow by 2030 and a capacity surplus for 2-year degrees

Projected annual demand for higher education in the Central Valley by type of degree through 2030

Number of students, thousands



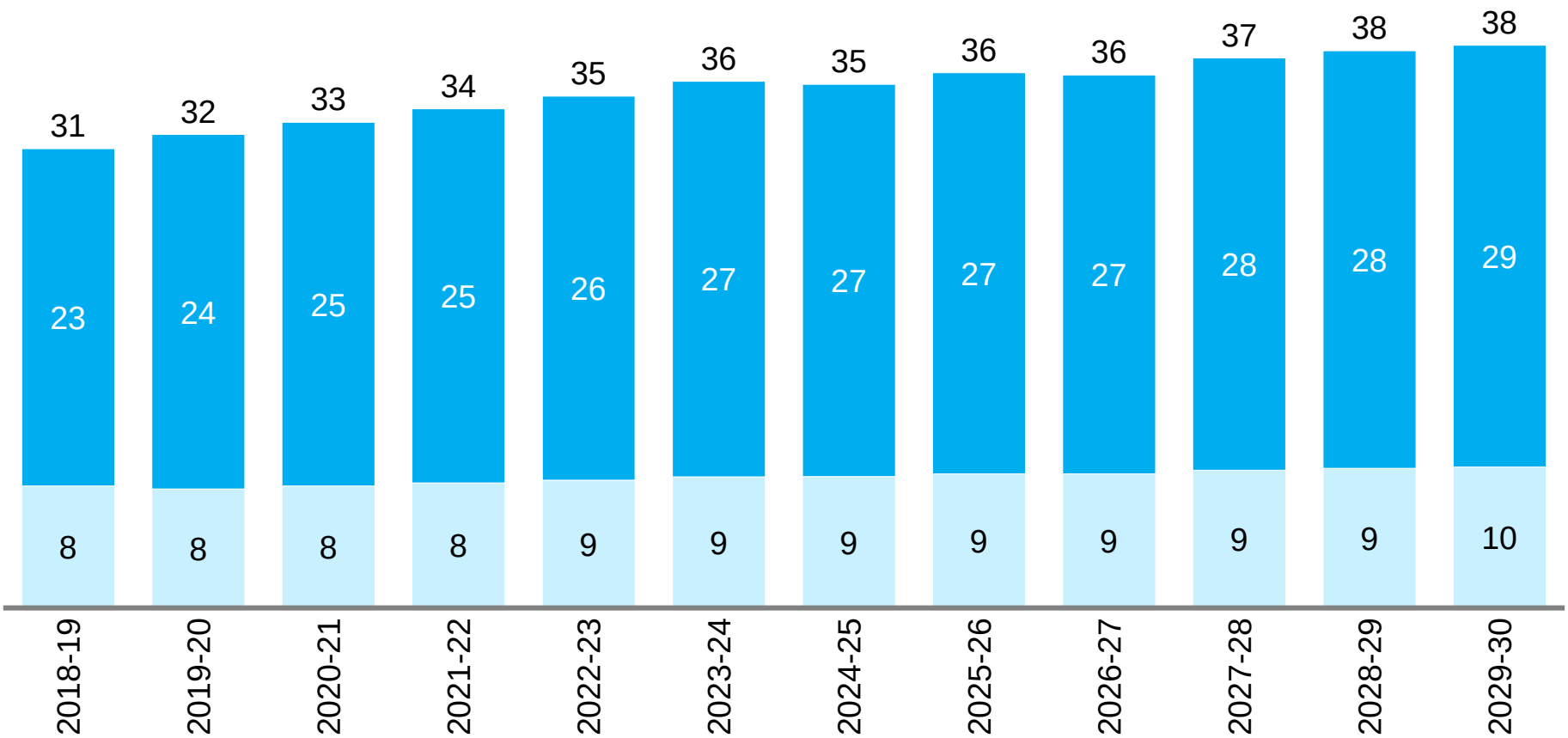
	2018-19	2024-25	2029-30
Capacity gap for 4-year degrees	-8	-12	-14
Capacity gap for 2-year degrees	+14	+13	+12

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 Three quarters of demand for higher education in the Central Valley will be for 4-year degrees by 2030

Undergraduate demand[1] for 4- and 2-year degrees in the Central Valley, 2018-19 to 2029-30[2]

Number of students, thousands



1 Demand for 4-year degrees is inclusive of demand from graduates from Central Valley high schools, transfer students at Central Valley community colleges, and adults residing in Central Valley

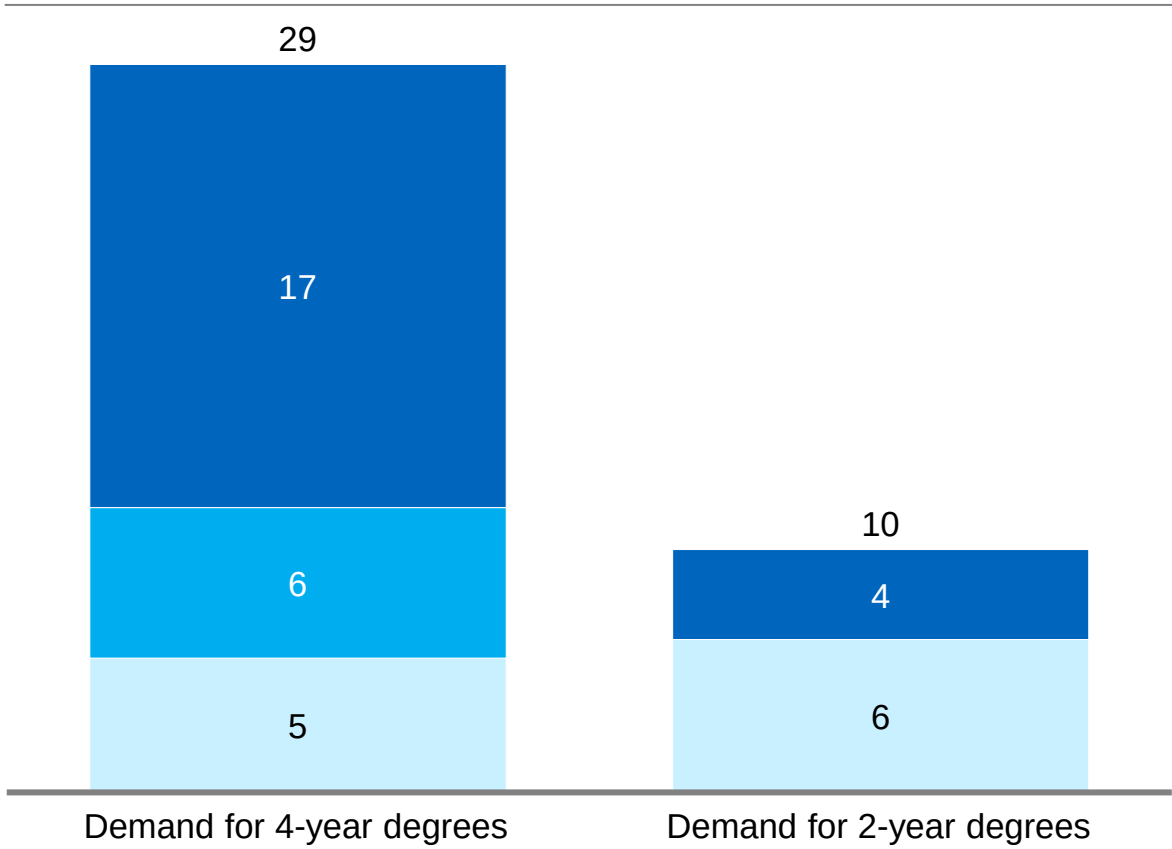
2 Baseline scenario shown

SOURCE: IPEDS, UC InfoCenter, CSU, DataMart

2 Demand for 4-year degrees will be driven by recent high school graduates and demand for 2-year degrees from high school graduates and adults

Demand for undergraduate degrees in Central Valley by type of degree and learner, 2030[1]

Number of students, thousands



- **Transfer demand comes largely from individuals who could not access 4-year programs right out of high school, and therefore demand 2-year programs at the start of their higher education journey.** If counted in 2-year demand, the capacity surplus would decrease to +4k

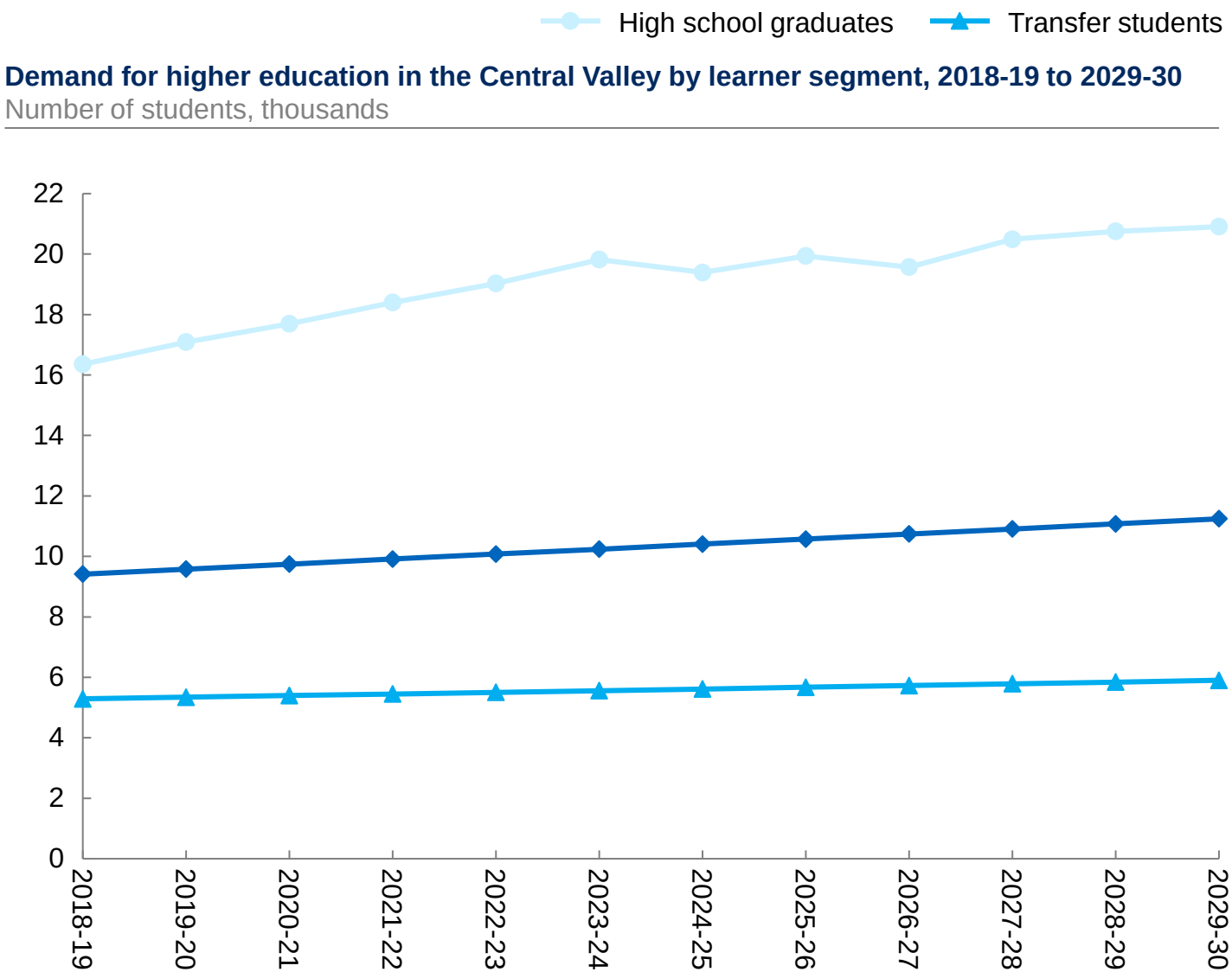
1 Baseline scenario shown

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 Demand from recent high school graduates is projected to grow faster than from transfers or adult learners in the Central Valley through 2030

Demand for higher education in the Central Valley by learner segment, 2018-19 to 2029-30

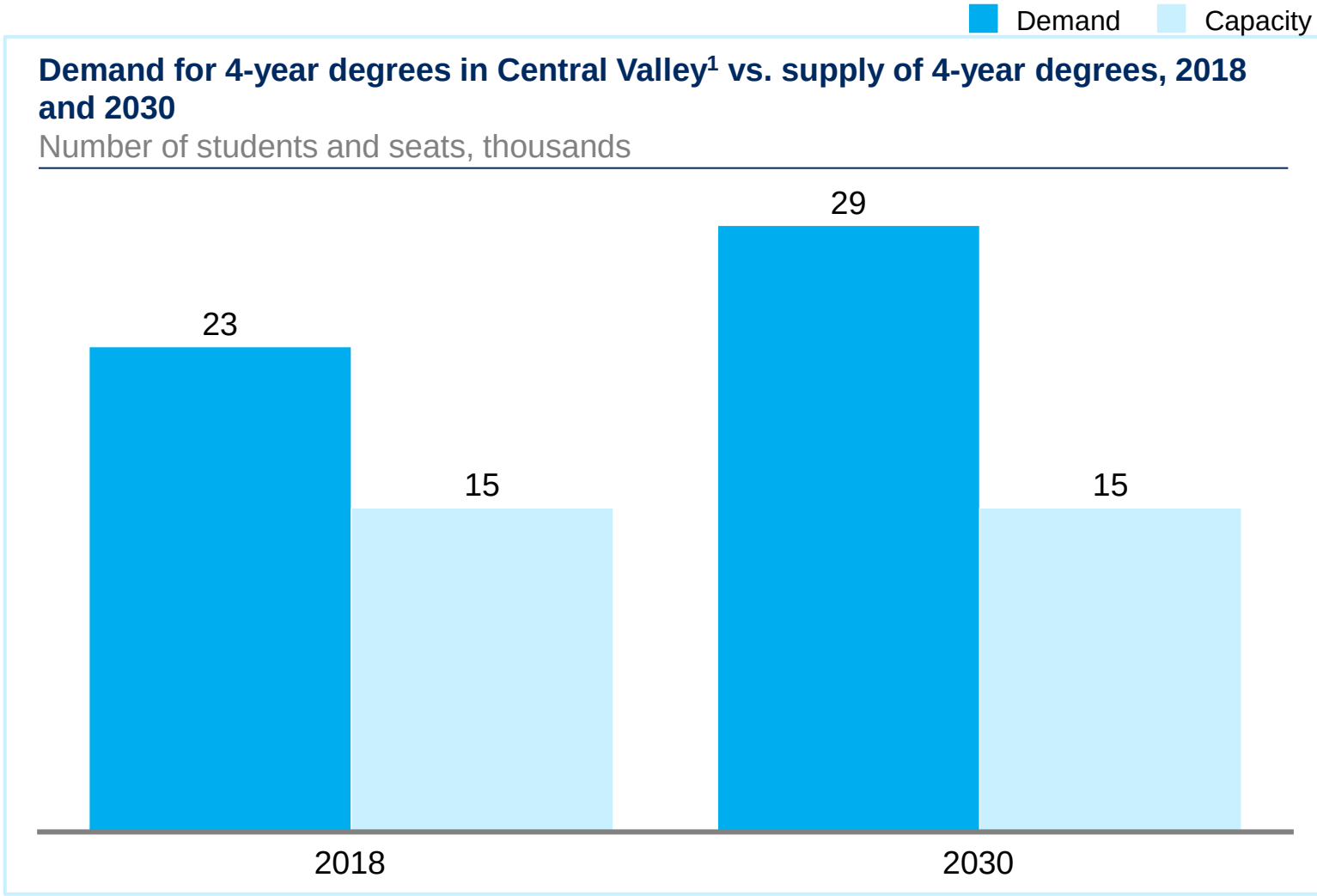
Number of students, thousands



- **Demand from high school graduates will grow due to improving outcomes**
- **Transfer demand will increase at 1% annually** due to ADT and guided pathways
- **The share of adults returning to higher education will remain stagnant** unless there is a recession scenario

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 The number of students demanding 4-year degrees in the Central Valley exceeds available seats today and this gap will grow by 2030



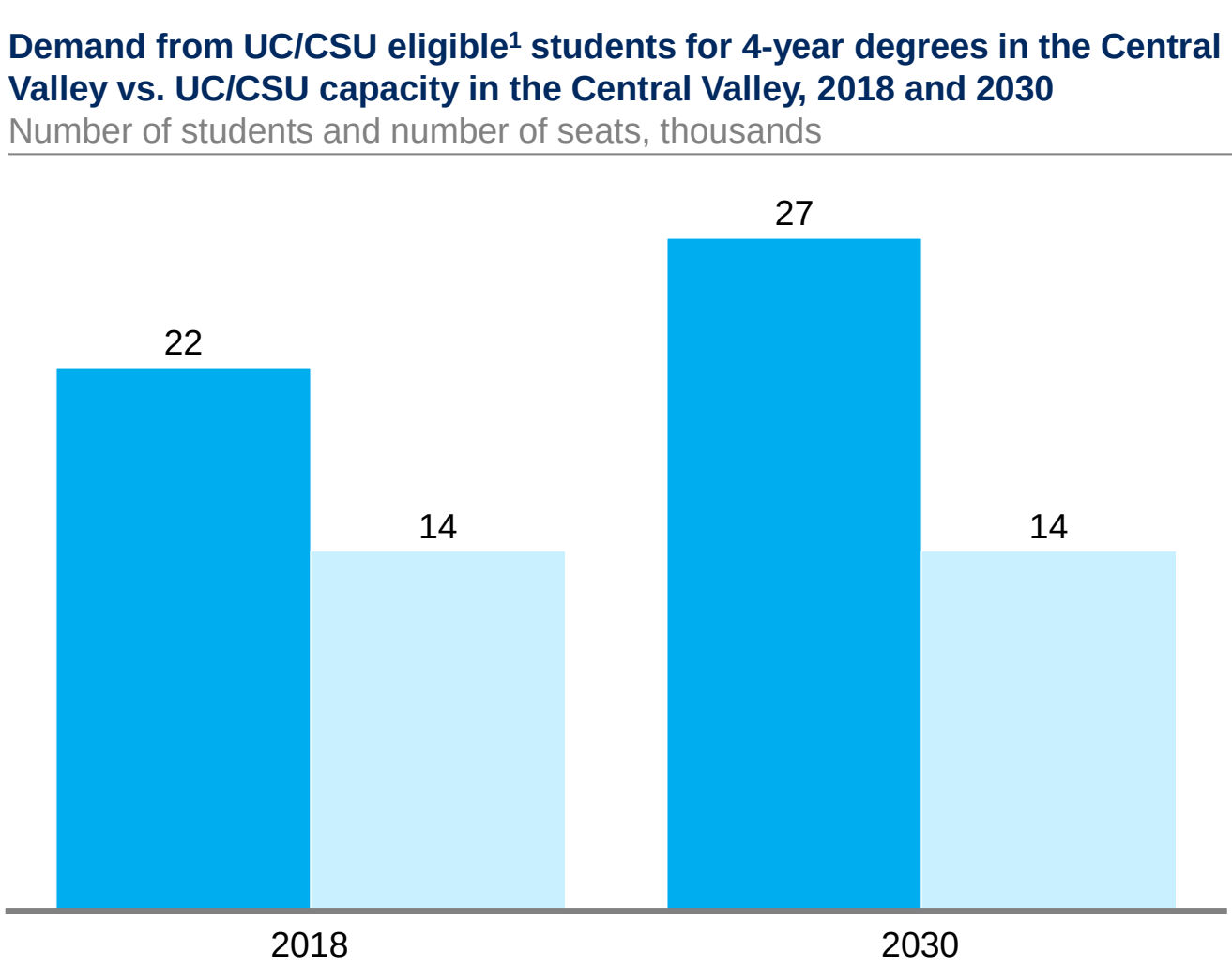
1 Demand for 4-year degrees includes recent high school graduates who are UC/CSU eligible and study in CA, demand for 4-year degrees from recent high school graduates who are not UC/CSU eligible and study in CA, and demand from adult learners for 4-year degrees who study in CA. UC/CSU eligibility is defined by completion of A-G requirements

SOURCE: IPEDS, UC InfoCenter, CA Department of Education, DataMart, CSU, NCHEMS

2 The Central Valley's public campuses do not have capacity to educate all eligible students from the region and this gap will grow by 2030

Demand from UC/CSU eligible[1] students for 4-year degrees in the Central Valley vs. UC/CSU capacity in the Central Valley, 2018 and 2030

Number of students and number of seats, thousands



- **Central Valley's UC/CSU campuses will only have capacity to educate ~50% of eligible students in the region by 2030**

1 Eligibility is defined as completion of the A-G requirements in a Central Valley high school or status in the 'transfer cohort' at Central Valley CCCs. The transfer cohort includes students enrolled in community colleges who have completed at least 12 credits and attempted transfer-level English or math

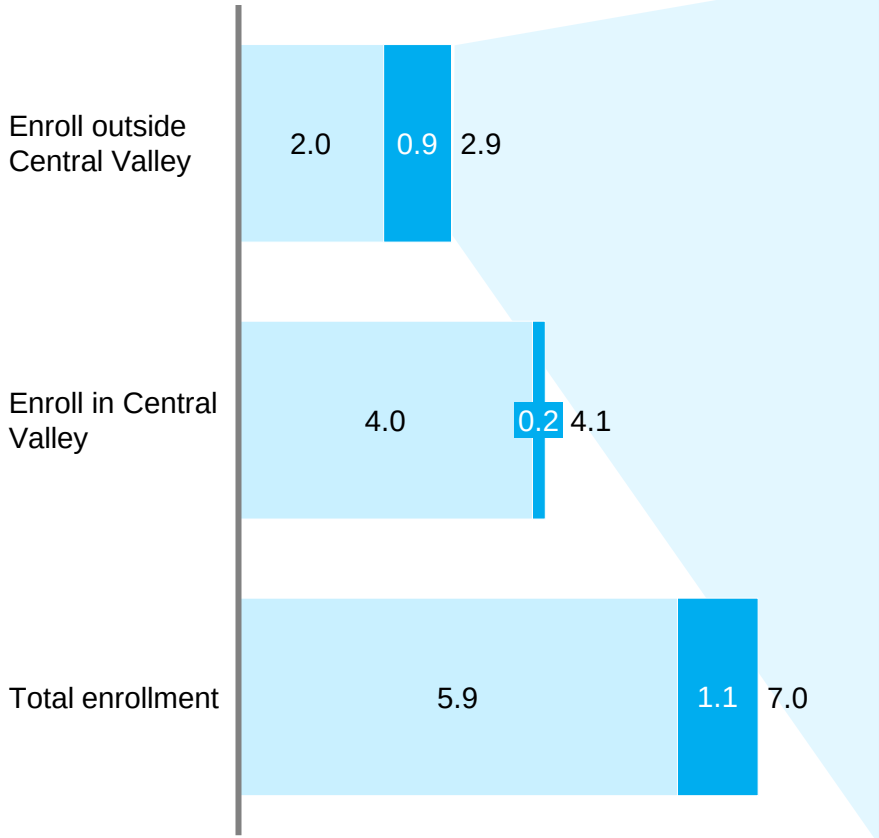
SOURCE: IPEDS, UC InfoCenter, CA Department of Education, DataMart, CSU, NCHEMS

2 The largest share of students from the Central Valley who attend UC/CSU institutions outside the region choose schools near home

CSU
UC

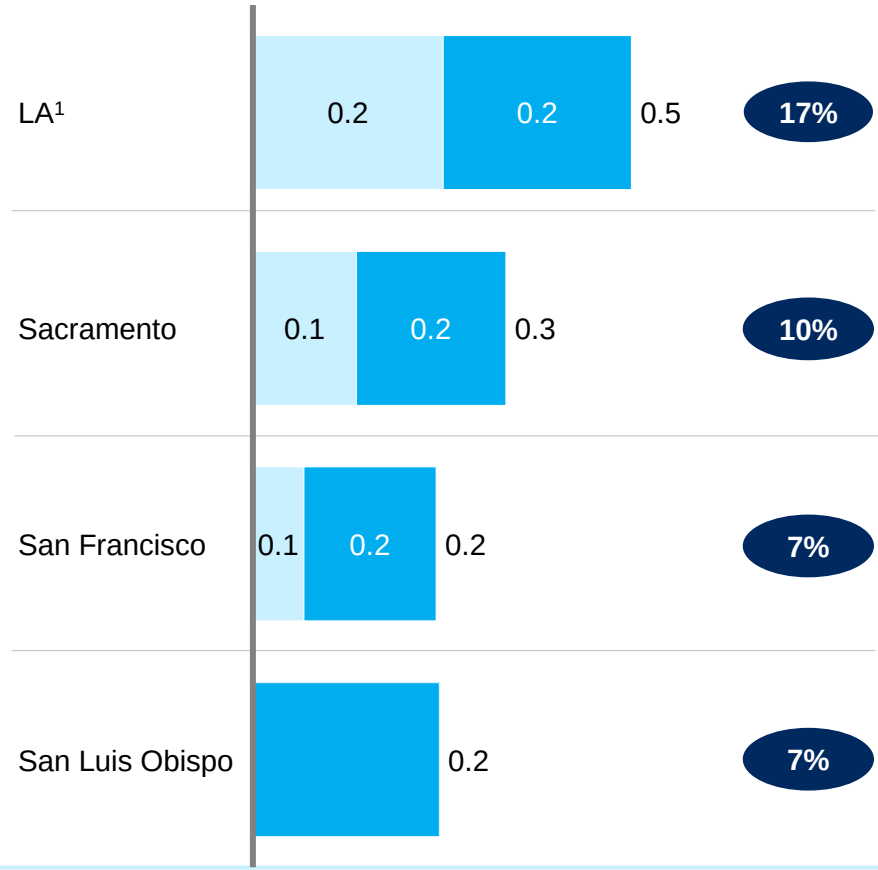
Enrollment in UC/CSU by first-time freshmen from the Central Valley, Fall 2017

Number of enrollees, thousands



Enrollment by first-time freshmen from the Central Valley in UC/CSU institutions outside the Central Valley by region, Fall 2017

Number of enrollees, thousands



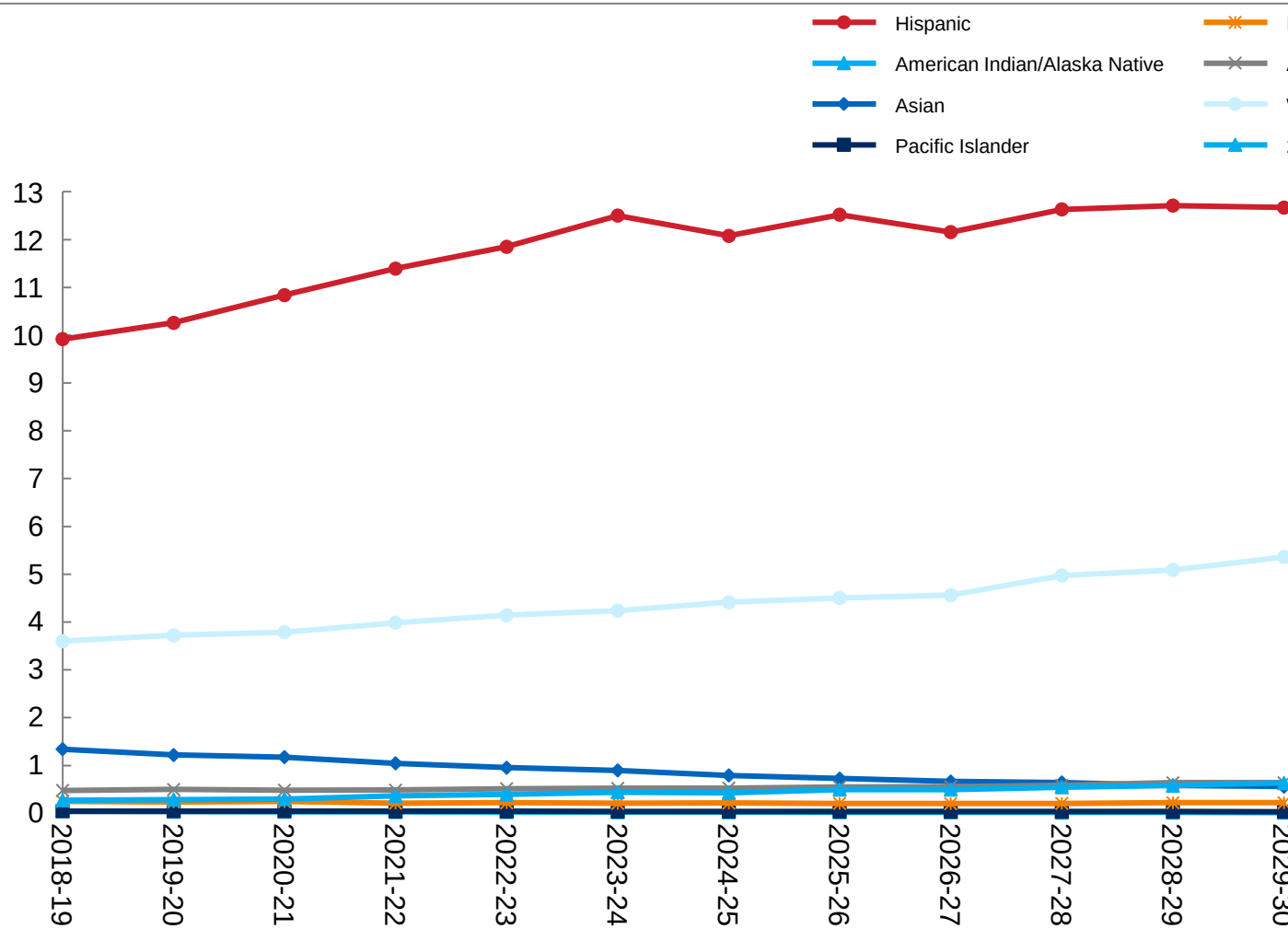
1 Los Angeles includes Orange and Los Angeles counties
2 San Francisco includes Alameda, Contra Costa, Marin, San Francisco, and San Mateo counties

SOURCE: UC InfoCenter, CSU

2 Nearly two-thirds of UC/CSU eligible high school graduates will be students of color[1] by 2030

Projected UC/CSU eligible students[2] by race/ethnicity in Central Valley, 2030

Number of students, thousands



- **Hispanic students will be 63% of eligible high school graduates by 2030**

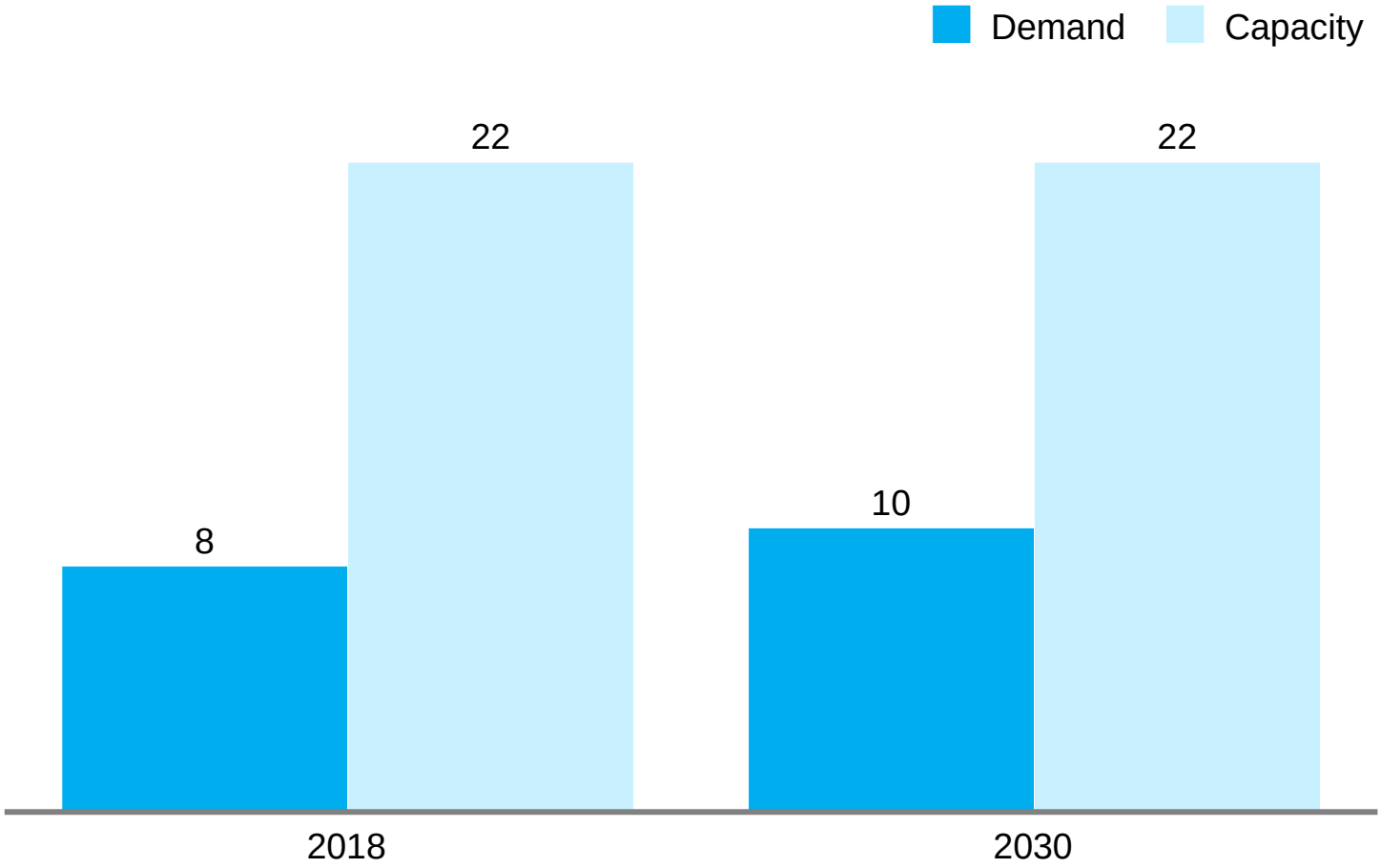
1 Includes Hispanic, American Indian/Alaska Native, Pacific Islander, and African American students
2 Eligibility is defined as completing the A-G requirements

SOURCE: California Department of Education

2 There is enough capacity in the Central Valley to fulfill demand for 2-year degrees and this trend will hold through 2030

Demand for 2-year degrees in Central Valley[1] vs. supply of 2-year degrees in Central Valley, 2018 and 2030

Number of students and seats, thousands



- **More than half of demand comes from adult learners, who will demand 6k 2-year degrees in 2030**
- Even in a recession scenario, there is still enough capacity to meet demand for 2-year degrees

1 Demand for 2-year degrees includes demand from non-UC/CSU eligible recent high school graduates from the Central Valley and adult learners from the Central Valley

SOURCE: IPEDS, DataMart

Contents

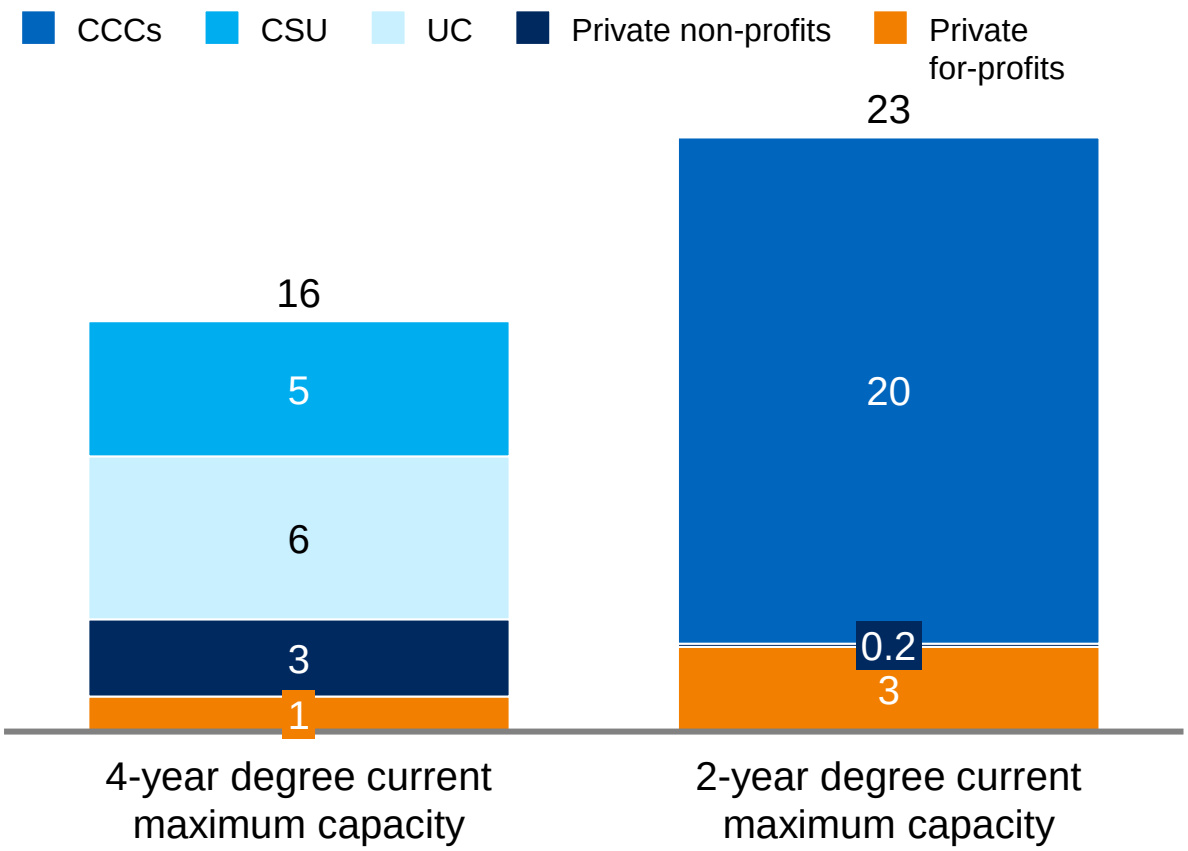
The capacity assessment includes 3 key analyses

1. Capacity for higher education in the Inland Empire
2. Demand for higher education in the Inland Empire
3. Labor market assessment in the Inland Empire

1 Inland Empire baseline undergraduate capacity will be 23k for 2-year degrees and 16k for 4-year degrees

2030 Inland Empire undergraduate capacity

Number of students (headcount), thousands



- **Baseline scenario assumes the current maximum capacity**, calculated from the 5-year peak in enrollment. No additional seats are included given uncertainty about budget allocation in coming years
- **For UC and CSU institutions, a ~13% capacity increase could come from graduation initiatives based on CSU analyses.** This will decrease the capacity gap from -20k to -18k

SOURCE: UC InfoCenter, CSU statistical reports, IPEDs, Datamart

1 Baseline capacity in Inland Empire was projected based on historical enrollment

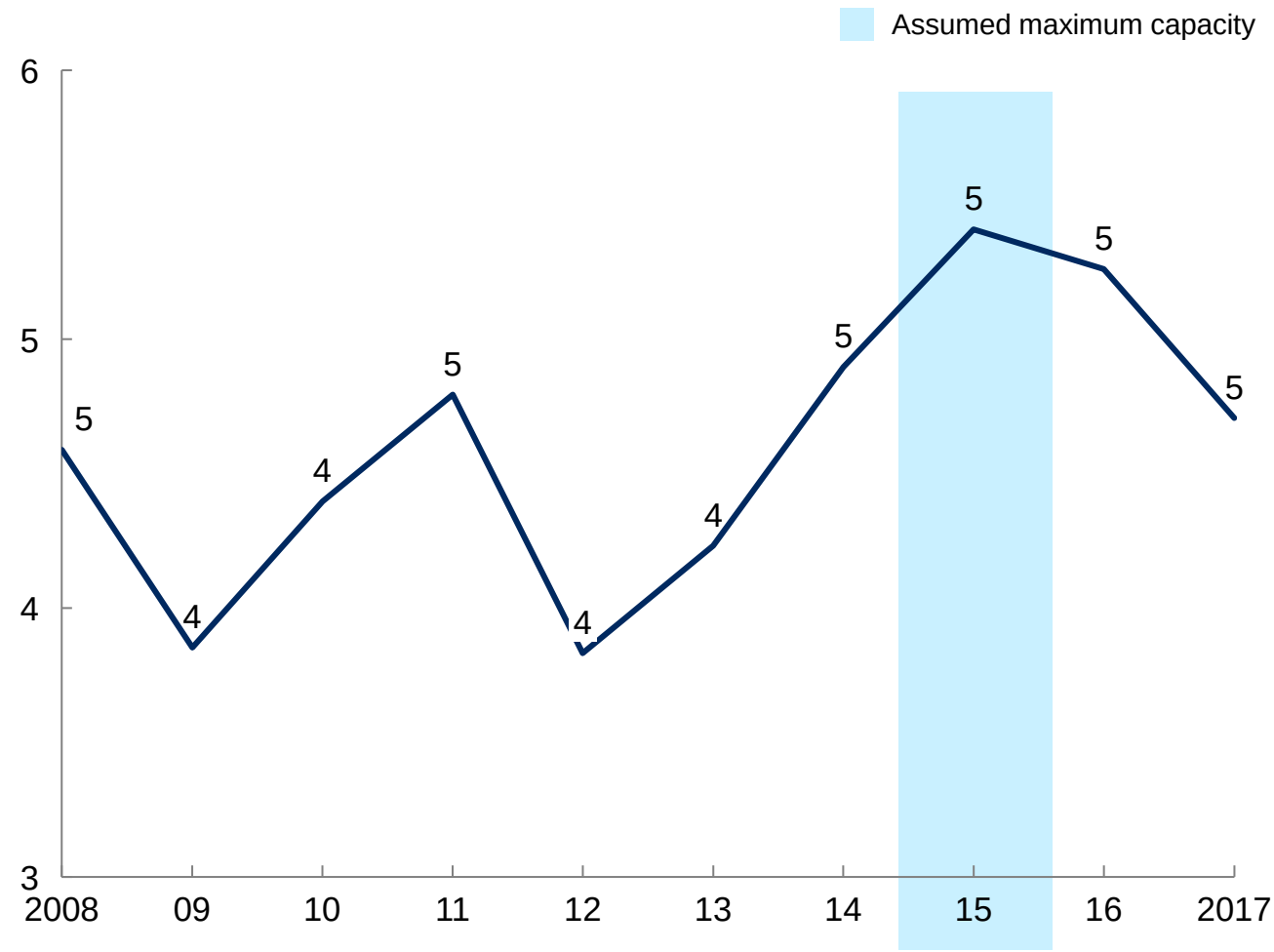
	Baseline capacity	Increased capacity due to graduation initiatives
CSU	▪ **2-year[1] peak of in-state new student enrollment** at the campus level gives a total of seats ▪ Following guidance from the working group, we use fall term freshmen and 12-month transfer enrollment	▪ **Based on CSU analyses on new graduation initiatives**, we increase new student enrollment by 1% per year. Following guidance from CSU this is not included in the baseline scenario
UC	▪ **5-year peak of in-state new student enrollment** at the campus level gives a total of seats ▪ Following guidance from the working group, we use fall term freshmen and 12-month transfer enrollment	▪ **Based on CSU analyses on new graduation initiatives**, we increase new student enrollment by 1% per year. Following guidance from UC this is not included in the baseline scenario
CCC	▪ **For consistency with the statewide** assessment in which 2010 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Inland Empire is **in-state new student enrollment in 2010** ▪ Only freshmen fall term enrollment is used as **transfers mainly come from within the CC system or are dually enrolled in a 4-year institution**	▪ No known initiatives to increase capacity
Private non-profits	▪ **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Inland Empire is **in-state new student enrollment in 2012** ▪ Fall enrollment is also used for transfers due to lack of 12-month data	▪ No known initiatives to increase capacity
Private for-profits	▪ **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Inland Empire is **in-state new student enrollment in 2012** ▪ Fall enrollment is also used for transfers due to lack of 12-month data	▪ No known initiatives to increase capacity

1 Following suggestion from CSU as campuses are recovering from budget fall in 2011

1 Maximum in-state capacity for CSU is based on the enrollment peak over the past 5 years

Historical enrollment for new resident students at CSU San Bernardino

Number of students (headcount), thousands



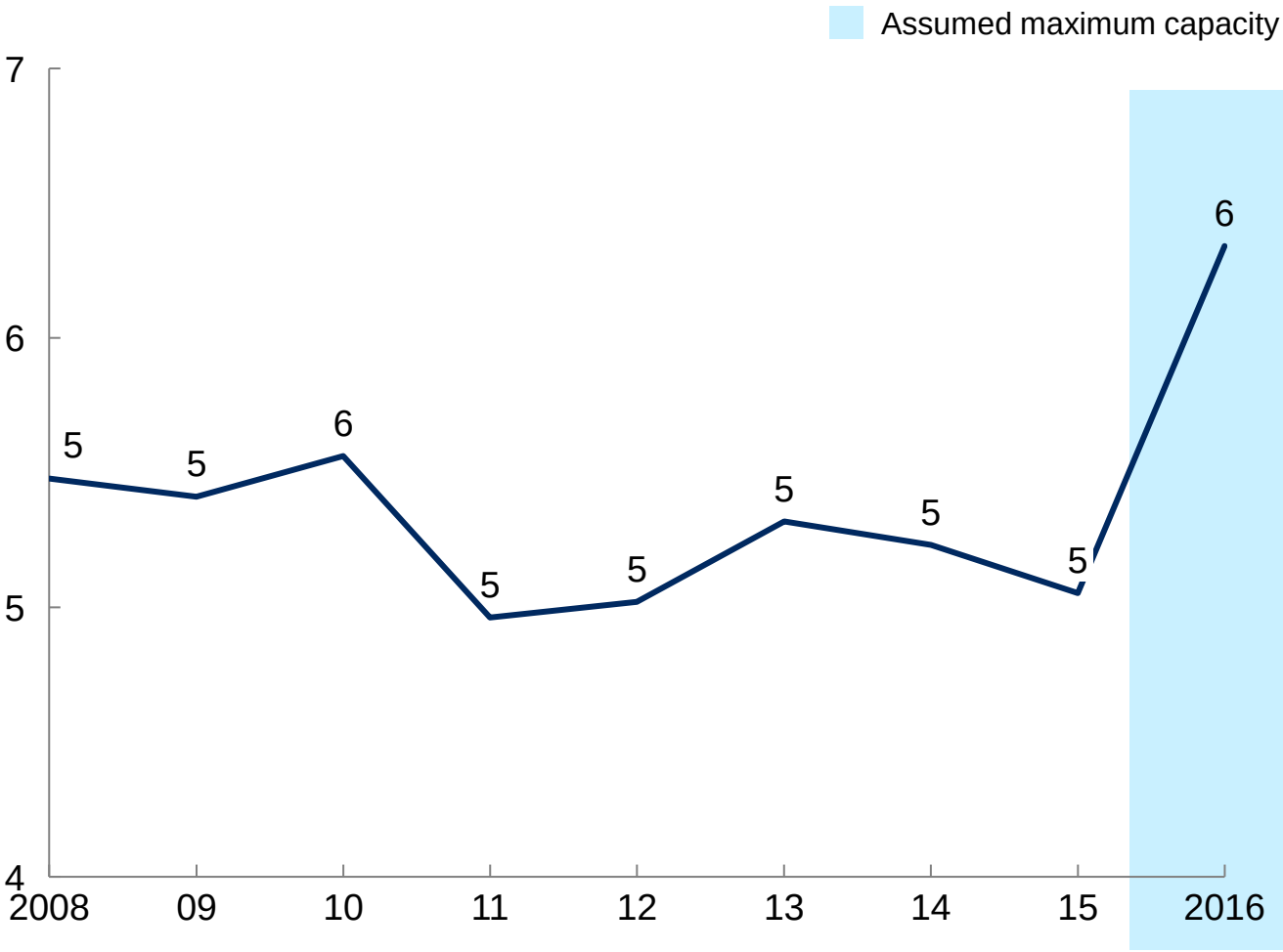
- **Maximum capacity is the 2-year[1] peak** of in-state new student enrollment by campus
- **No growth is assumed for the baseline scenario** given that:
  - Growth over the past five years was driven by a **recovery from 2011-12 budget cuts** and is not sustainable in the long run
  - **All campuses are currently enrolling above their funded target,** which limits resources (e.g. faculty) for capacity growth
- However, **successful graduation initiatives can grow capacity by 1%** per year adding a total ~0.6k seats by 2030

SOURCE: UC Infocenter

1 Maximum in-state capacity for UC is based on the enrollment peak over the past 5 years

Historical enrollment for new resident students at UC Riverside

Number of students (headcount), thousands



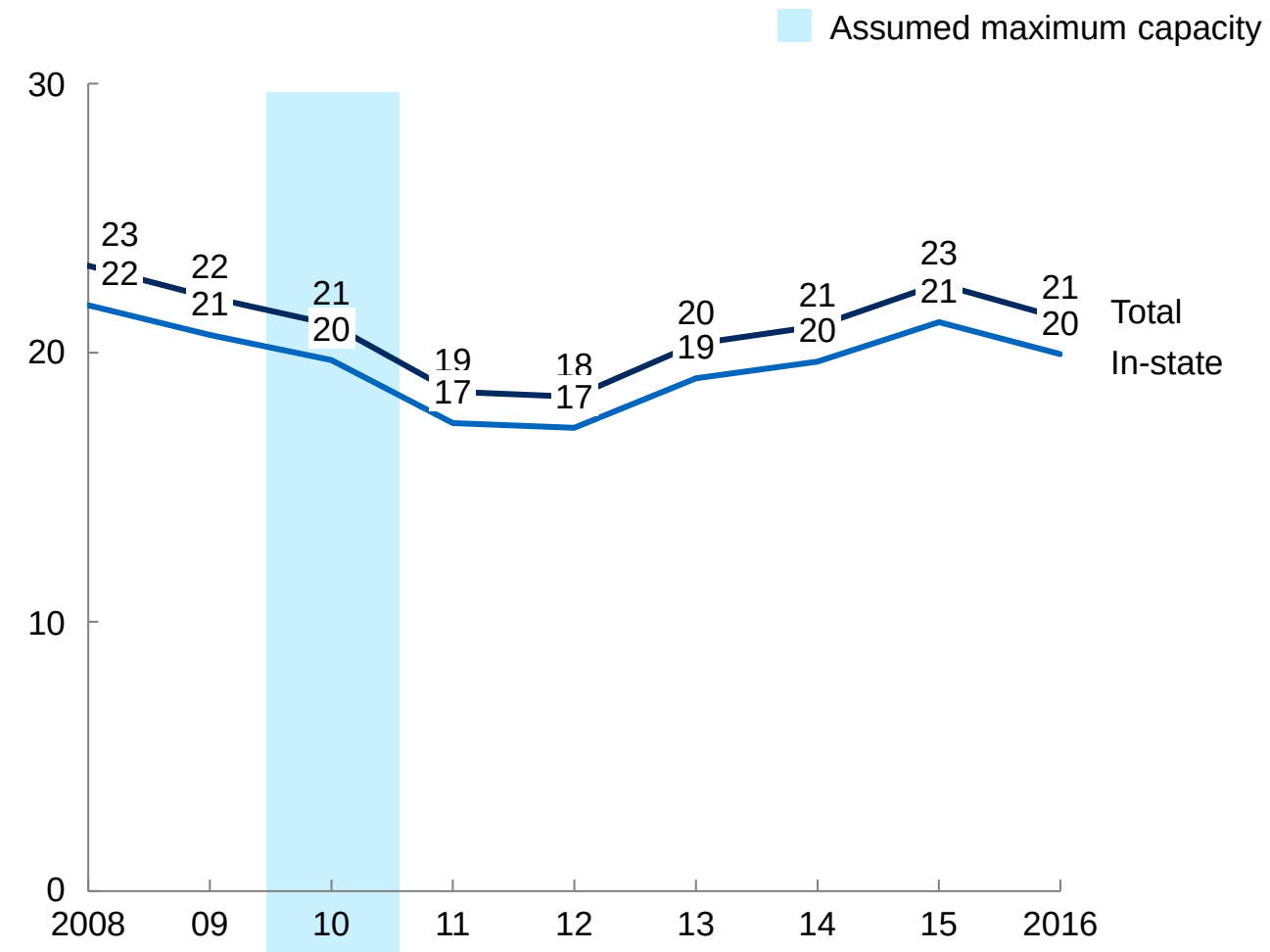
- **Maximum capacity is the 5-year peak** of in-state new student enrollment in Merced campus
- **No growth is assumed for the baseline scenario** given **uncertainty on budget allocation** for coming years
- However, **successful graduation initiatives can grow capacity by 1% per year**, adding a total ~0.7k seats by 2030

SOURCE: UC Infocenter

1 Maximum in-state capacity for community colleges is based on the enrollment peak over the past 5 years

Historical enrollment for new students in community colleges, 2008-16

Number of students (headcount), thousands



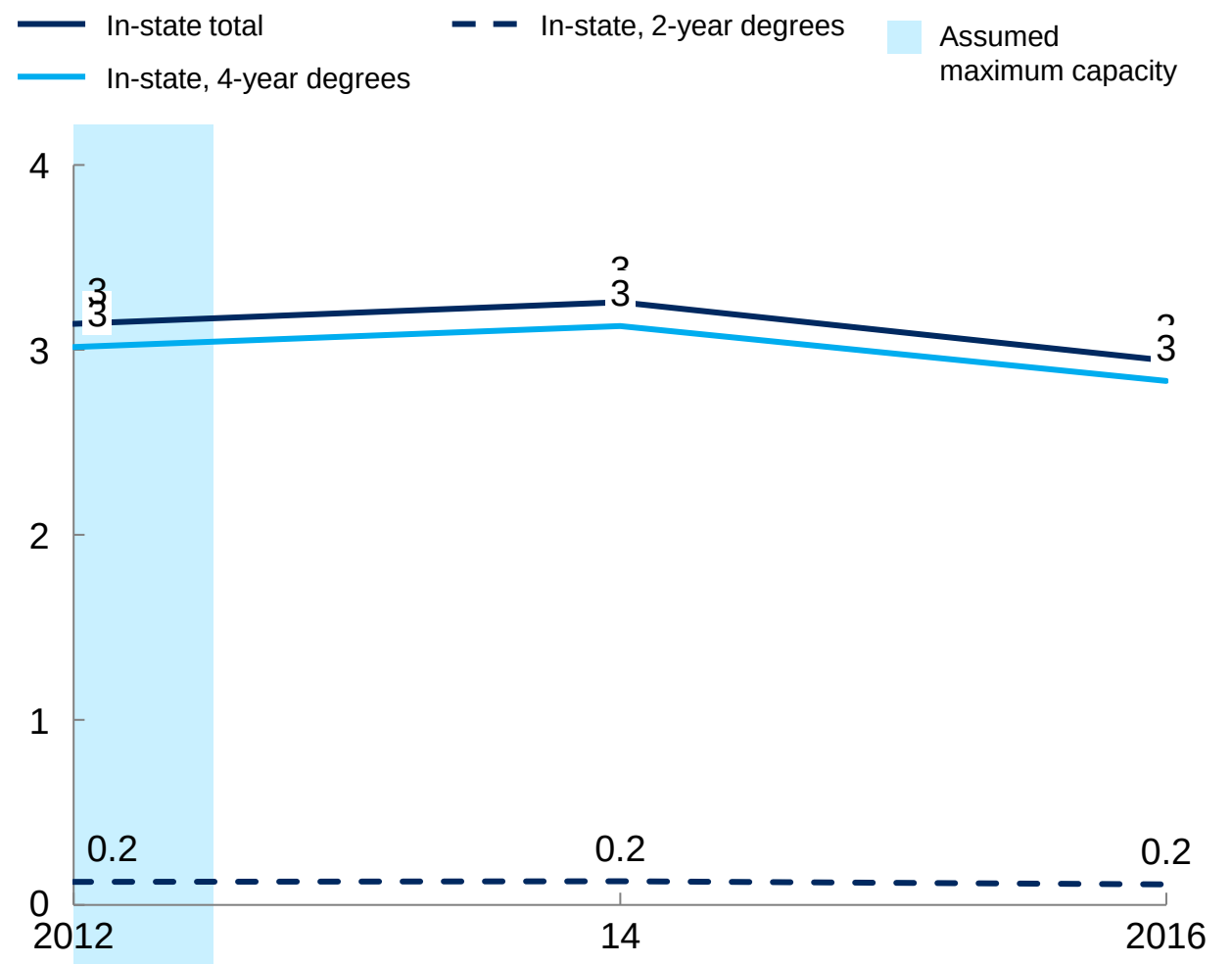
- **For consistency with the statewide** assessment in which 2010 enrollment provided the maximum capacity statewide, the assumed maximum capacity for Inland Empire is **~20k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives to increase capacity** for all type of learners
  - Current maximum **capacity can meet projected future demand** (~20k)

SOURCE: Datamart

1 Maximum in-state capacity for private nonprofit institutions is based on the enrollment peak over the past 5 years

Historical enrollment for new students in private nonprofits, 2012-16

Number of students (headcount), thousands



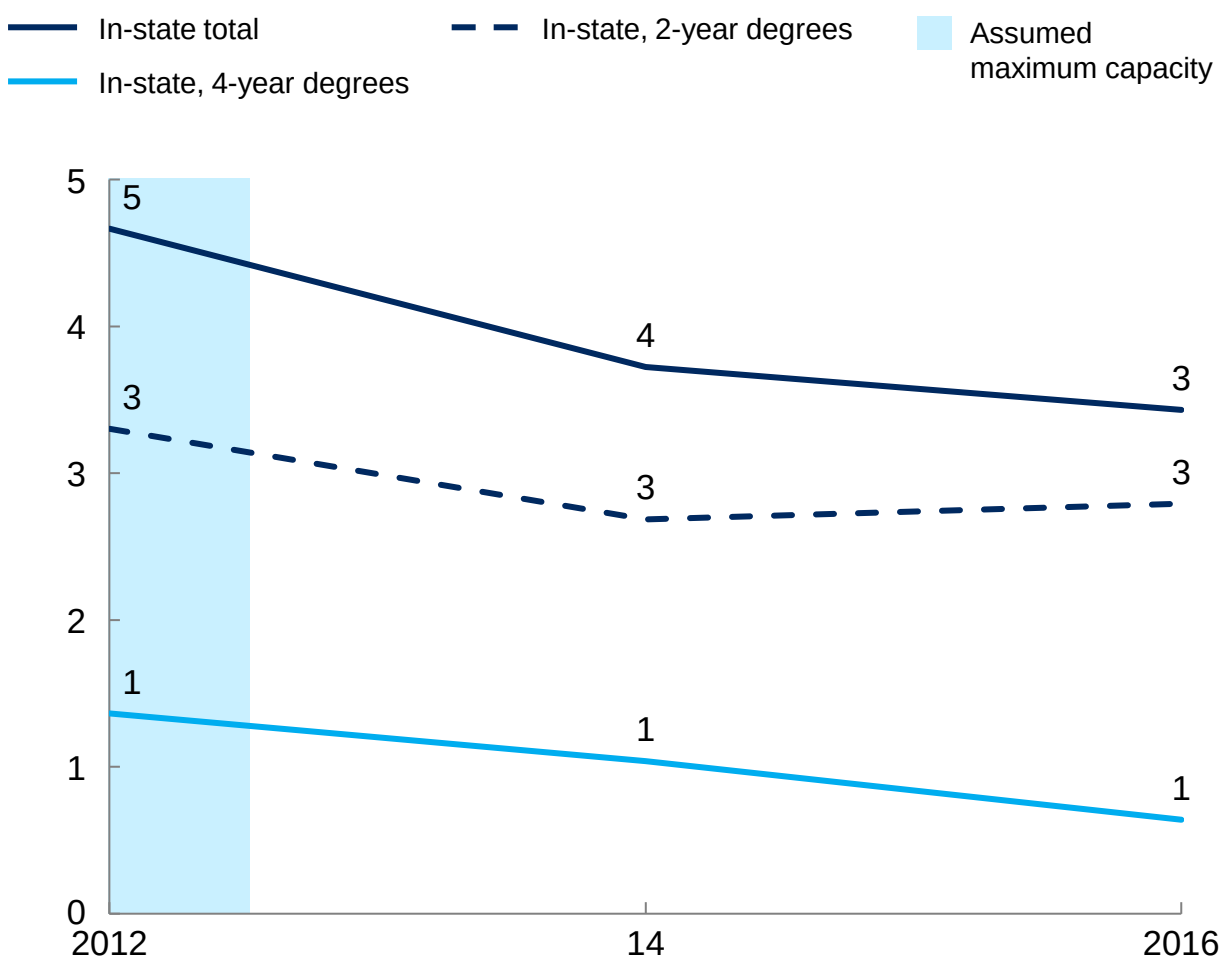
- **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for Inland Empire is **~3k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives** to increase capacity
  - AICCU members reported to be **operating under capacity**

SOURCE: IPEDS

1 Maximum in-state capacity for private for-profit institutions is ~5k based on the enrollment peak over the past 5 years

Historical enrollment for new students in private for-profits, 2012-16

Number of students (headcount), thousands



- **For consistency with the statewide** assessment in which 2012 enrollment provides the maximum capacity statewide, the assumed maximum capacity for the Inland Empire is **~5k in-state seats**
- **No growth** was considered for the baseline scenario given that:
  - There are **no known initiatives** to increase capacity
  - **In-state new student enrollment** has plateaued over the past 2 years

SOURCE: IPEDS

Three key assumptions drive projections for demand in the Inland Empire

Assumption	Baseline scenario
Number of 12th graders	▪ Projected number of 12th graders is based on current K-12 enrollment with no significant migration
High school graduation rates	▪ Graduation rates are a blended average by race/ethnicity, with each group growing at 5-year CAGR until reaching a 'ceiling' at the average rate of the next-highest quartile (from 90% to 91%)
UC/CSU eligibility rates	▪ UC/CSU eligibility rate is defined as A-G course completion ▪ Eligibility rates are a blended average by race/ethnicity, with each group growing at 5-year CAGR until reaching a 'ceiling' at the average rate of the next-highest quartile (from 45% to 47%)
College-going rates for UC/CSU eligible students who do not attend UC/CSU	▪ College-going rates for UC/CSU eligible students are higher than state average (85%)
College-going rates for non-UC/CSU eligible students	▪ College-going rates for non-eligible students are lower than average (50%)
Demand for 2-year programs	▪ Share of non-UC/CSU eligible students demanding 2-year degrees reflects historical enrollment in the Inland Empire (58%)
Demand for 4-year programs	▪ Share of non-UC/CSU eligible students demanding 4-year degrees reflects historical enrollment in the Inland Empire (42%)
Transfer cohort[1]	▪ Demand for 4-year programs from community college transfers reflects historic rates for 'transfer cohorts'[1] as a share of annual first-time enrollment for <25-years-old in CCCs in the region ▪ The transfer cohort as a share of annual first-time enrollment grows at 1% annually through 2030 as a result of ADT and Guided Pathways

1 Transfer cohort is defined as students who complete at least 12 credits and attempt transfer-level English or math

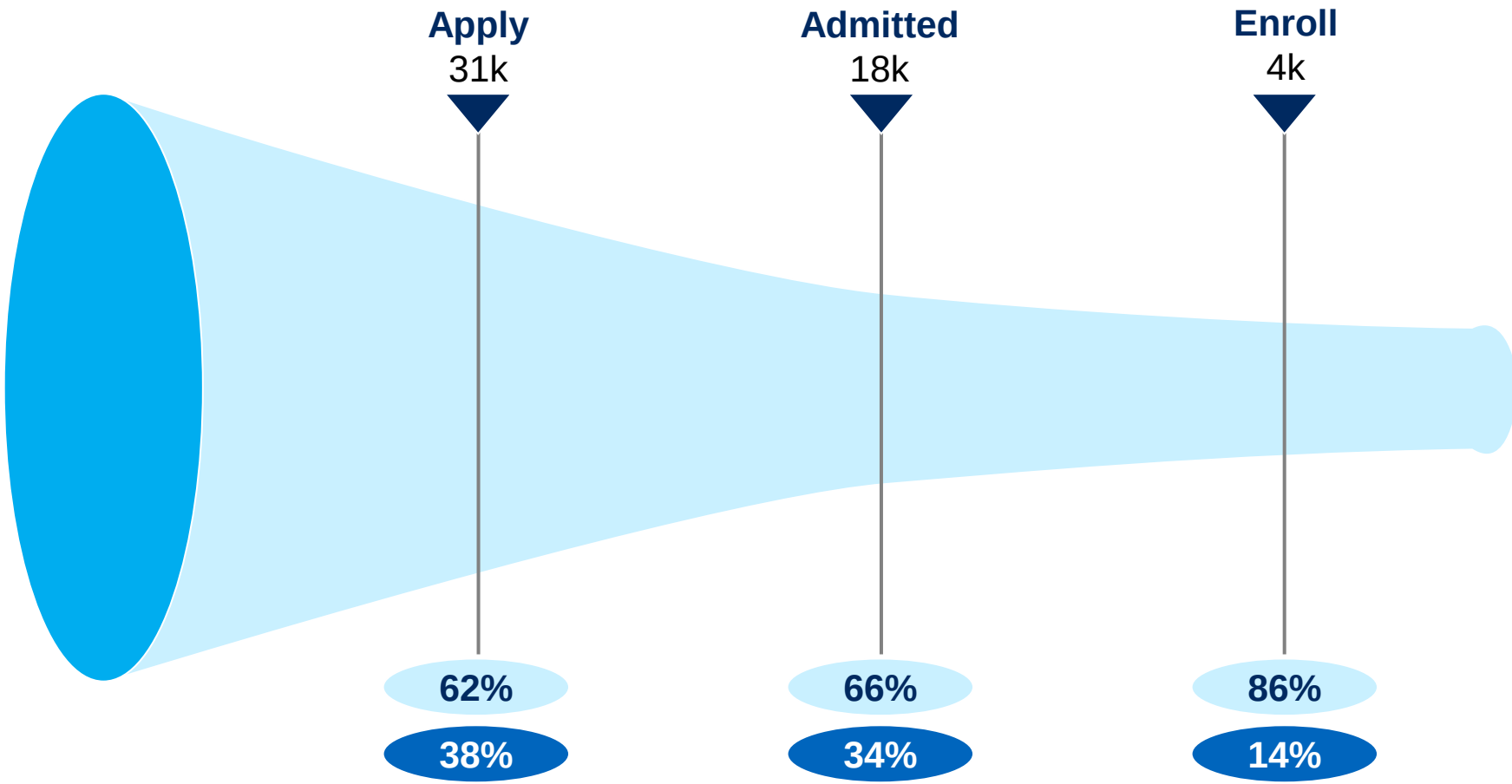
SOURCE: DataMart, UC InfoCenter, CSU, IPEDS, AICCU, NCHEMS, California Department of Education

2 A majority of applicants and enrollees to UC/CSU institutions in the Inland Empire are from the region

XX Demand from Inland Empire XX Demand from outside Inland Empire

Applicants, admits, and first-time enrollees[1] to UC/CSU institutions[2] in the Inland Empire, Fall 2017

Number of students and % of students by origin



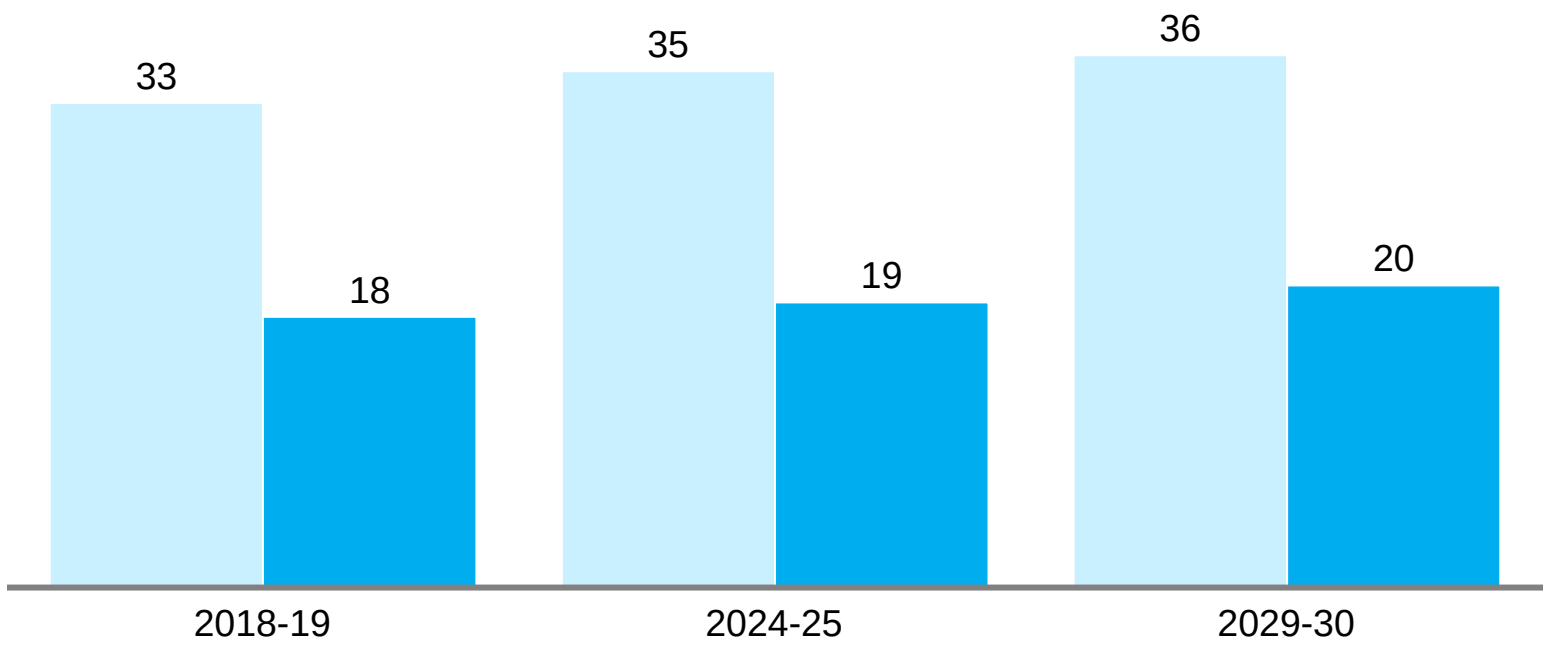
1 Includes first-time fall enrollment. Does not include transfer students
2 Includes UC Riverside and CSU San Bernardino

SOURCE: UC Infocenter, CSU

2 Today there is a capacity gap for 4-year degrees in the Inland Empire that will grow by 2030 and a surplus for 2-year degrees

Projected annual demand for higher education in the Inland Empire by type of degree through 2030

Number of students, thousands



	2018-19	2024-25	2029-30
Capacity gap for 4-year degrees	-17	-19	-20
Capacity gap for 2-year degrees	+5	+4	+3

Last Modified 3/15/2019 11:15 AM Mountain Standard Time

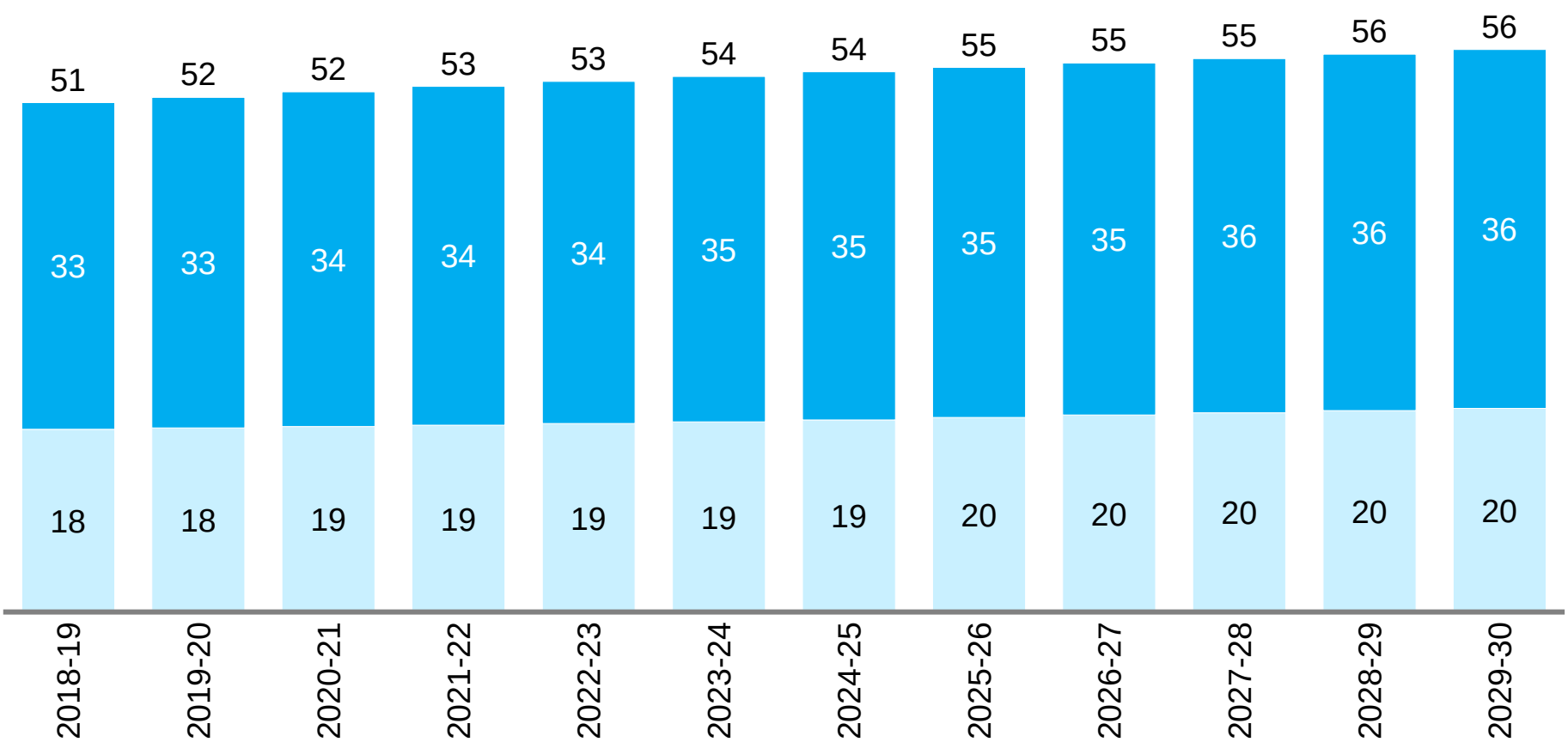
Printed

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 Nearly two-thirds of demand for higher education in the Inland Empire will be for 4-year degrees by 2030

Undergraduate demand[1] for 4- and 2-year degrees in the Inland Empire, 2018-19 to 2029-30[2]

Number of students, thousands



1 Demand for 4-year degrees is inclusive of demand from graduates from Inland Empire high schools, transfer students at Inland Empire community colleges, and adults residing in the Inland Empire

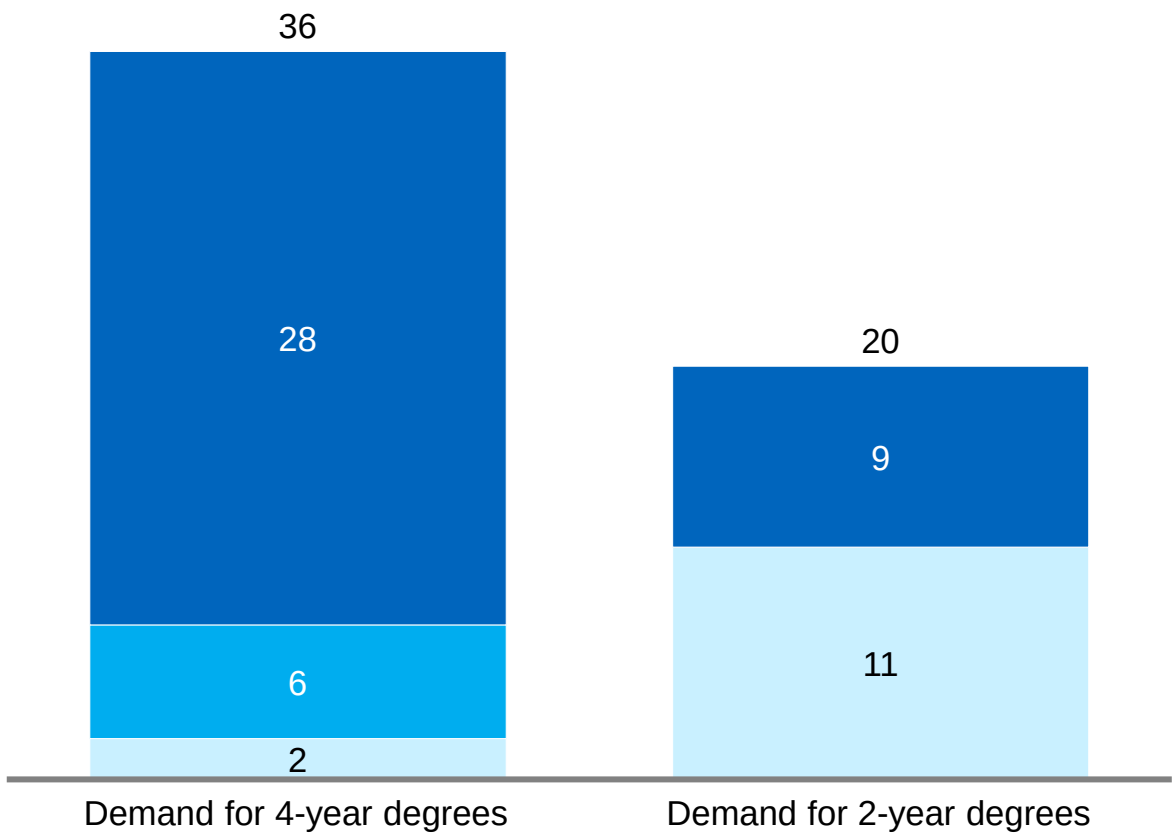
2 Baseline scenario shown

SOURCE: IPEDS, UC InfoCenter, CSU, DataMart

2 Demand for 4-year degrees will be driven by recent high school graduates and demand for 2-year degrees from high school graduates and adults

Demand for undergraduate degrees in the Inland Empire by type of degree and learner, 2030[1]

Number of students, thousands



- **Transfer demand comes largely from individuals who could not access 4-year programs right out of high school, and therefore demand 2-year programs at the start of their higher education journey.** If counted in 2-year demand, the capacity surplus would decrease to 0

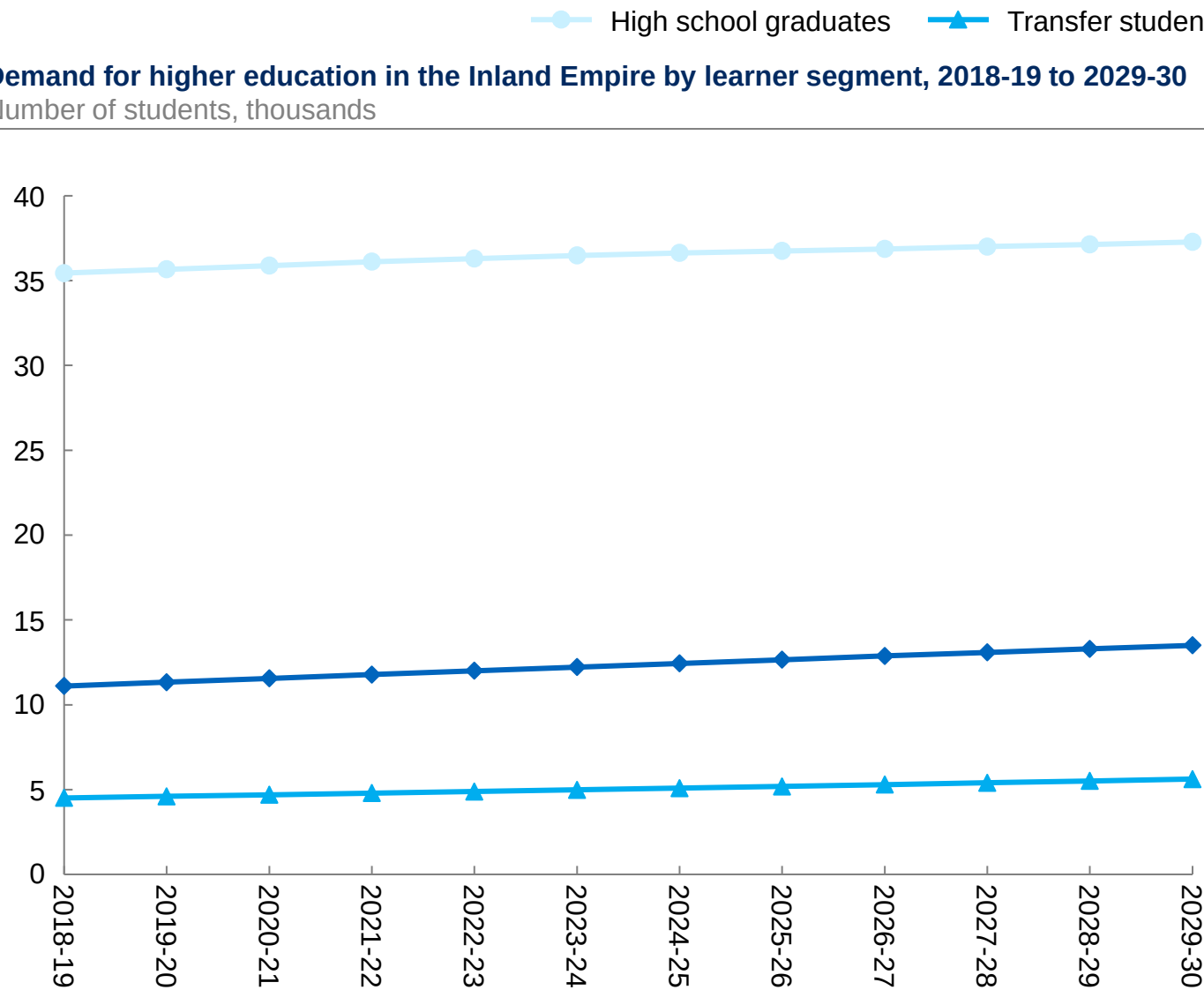
1 Baseline scenario shown

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 Demand from recent high school graduates is projected to grow the most rapidly in the Inland Empire through 2030

Demand for higher education in the Inland Empire by learner segment, 2018-19 to 2029-30

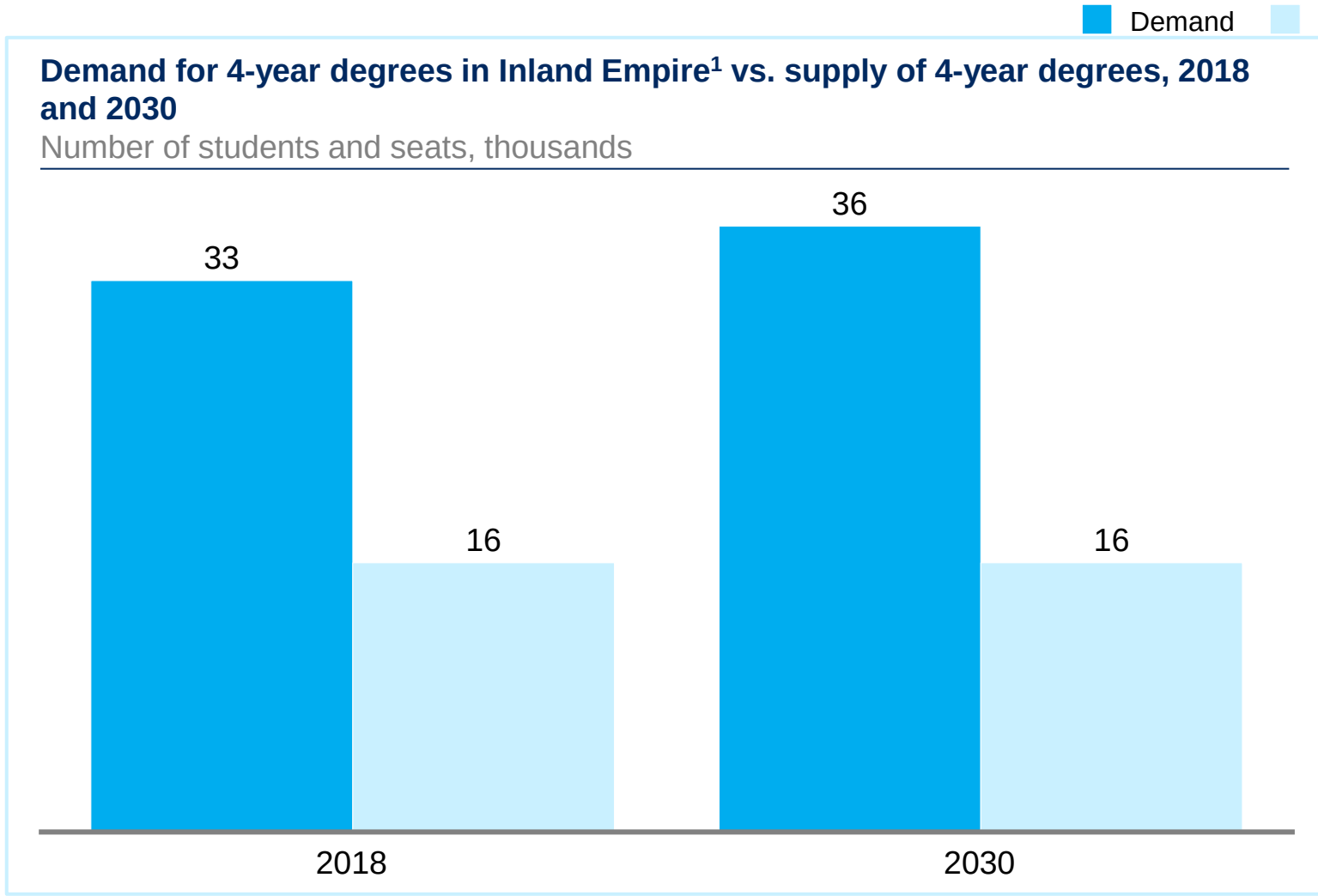
Number of students, thousands



- **Demand from high school graduates will grow modestly due to improving outcomes** despite decreasing K-12 enrollment
- **Transfer demand will grow by 2% annually** due to ADT and guided pathways
- **The share of adults returning to higher education will grow modestly** in a baseline scenario and more rapidly in a recession scenario

SOURCE: IPEDS, DataMart, CSU, UC InfoCenter, CA Department of Education, CA Department of Finance

2 The number of students demanding 4-year degrees in the Inland Empire exceeds available seats today and this gap will grow by 2030



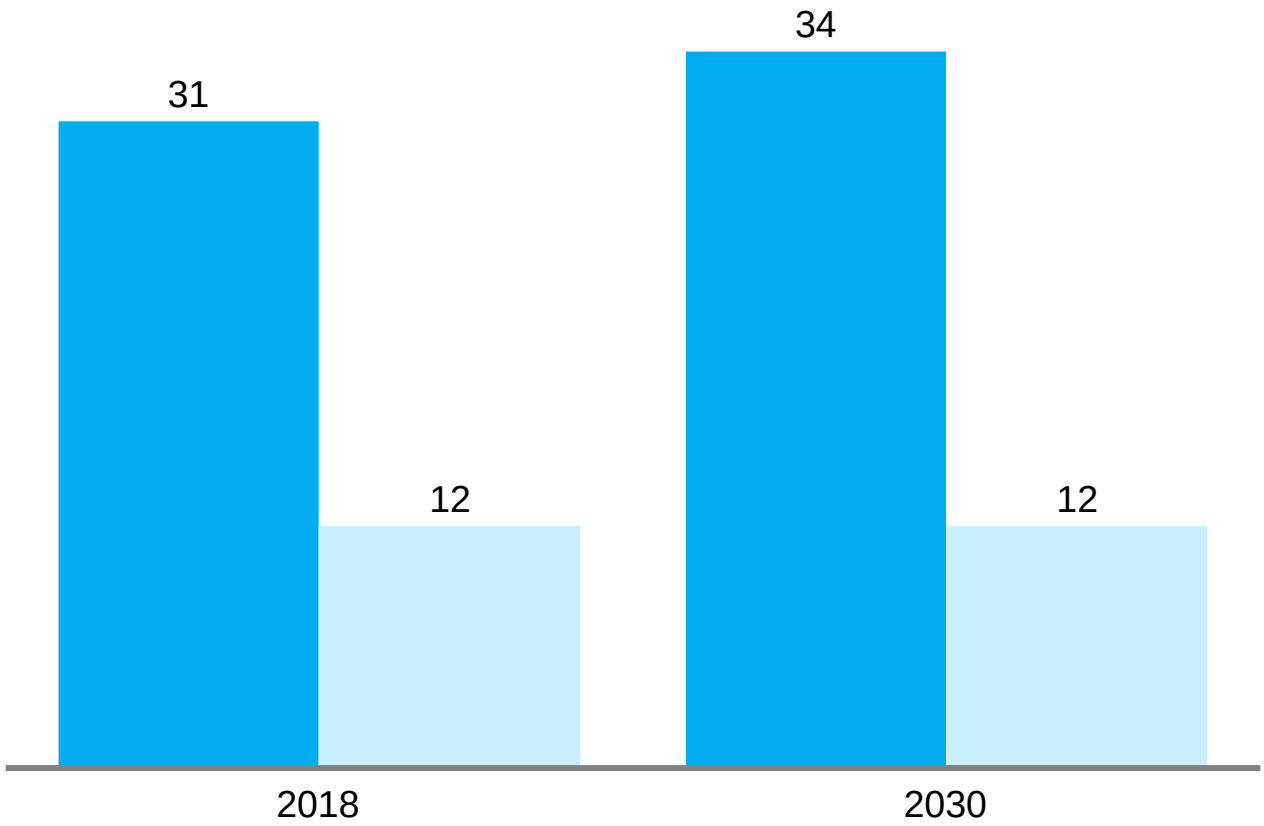
1 Demand for 4-year degrees includes recent high school graduates who are UC/CSU eligible and study in CA, demand for 4-year degrees from recent high school graduates who are not UC/CSU eligible and study in CA, and demand from adult learners for 4-year degrees who study in CA. UC/CSU eligibility is defined by completion of A-G requirements

SOURCE: IPEDS, UC InfoCenter, CA Department of Education, DataMart, CSU, NCHEMS

2 The Inland Empire's UC/CSU campuses do not have capacity to educate all eligible students from the region and this gap will grow by 2030

Demand from UC/CSU eligible[1] students for 4-year degrees in the Inland Empire vs. UC/CSU capacity in the Inland Empire, 2018 and 2030

Number of students and number of seats, thousands



- **The Inland Empire's CSU campuses will only have capacity to educate 32% of eligible students in the region by 2030**

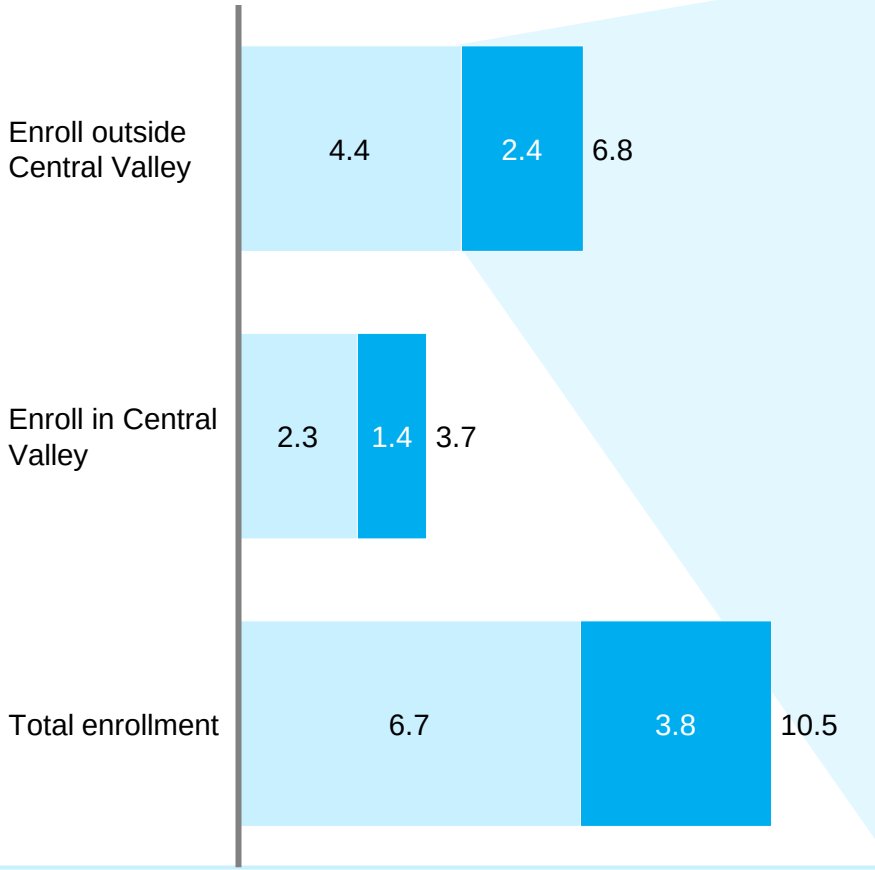
1 Eligibility is defined as completion of the A-G requirements in an Inland Empire high school or status in the 'transfer cohort' at Inland Empire CCCs. The transfer cohort includes students enrolled in community colleges who have completed at least 12 credits and attempted transfer-level English or math

SOURCE: IPEDS, UC InfoCenter, CA Department of Education, DataMart, CSU, NCHEMS

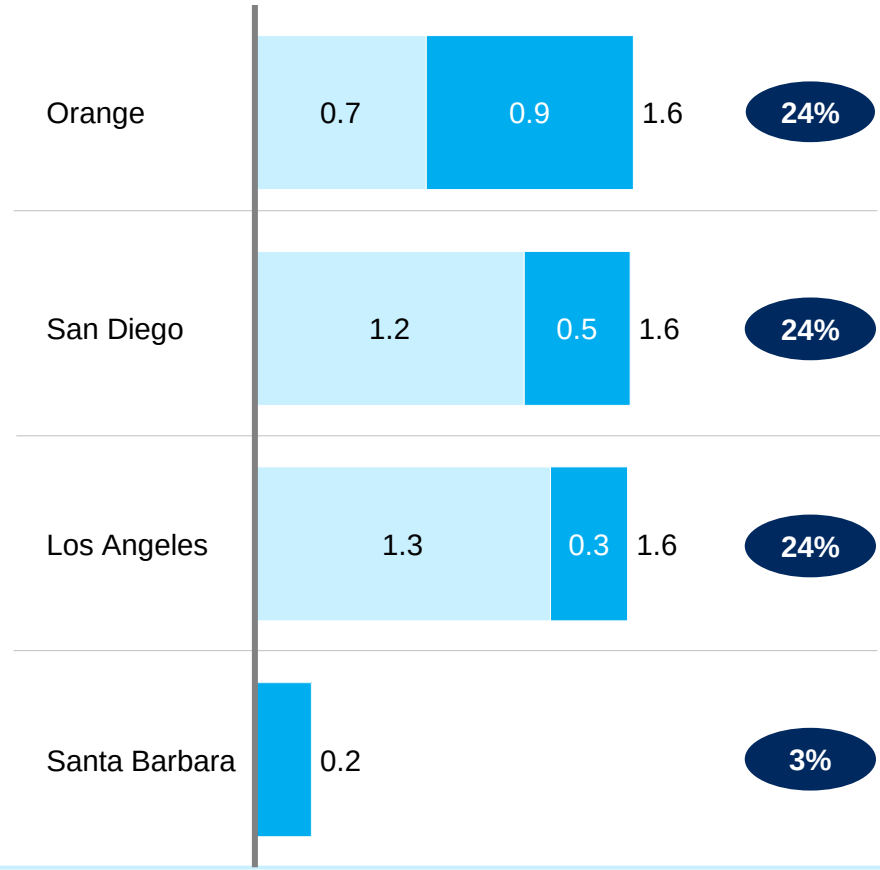
2 Most students from the Inland Empire who attend UC/CSU choose institutions in nearby regions

UC
CSU

Enrollment in UC/CSU by first-time freshmen from the Inland Empire, Fall 2017
Number of enrollees, thousands



Enrollment by first-time freshmen from the Inland Empire in UC/CSU institutions outside the Inland Empire by region, Fall 2017
Number of enrollees, thousands

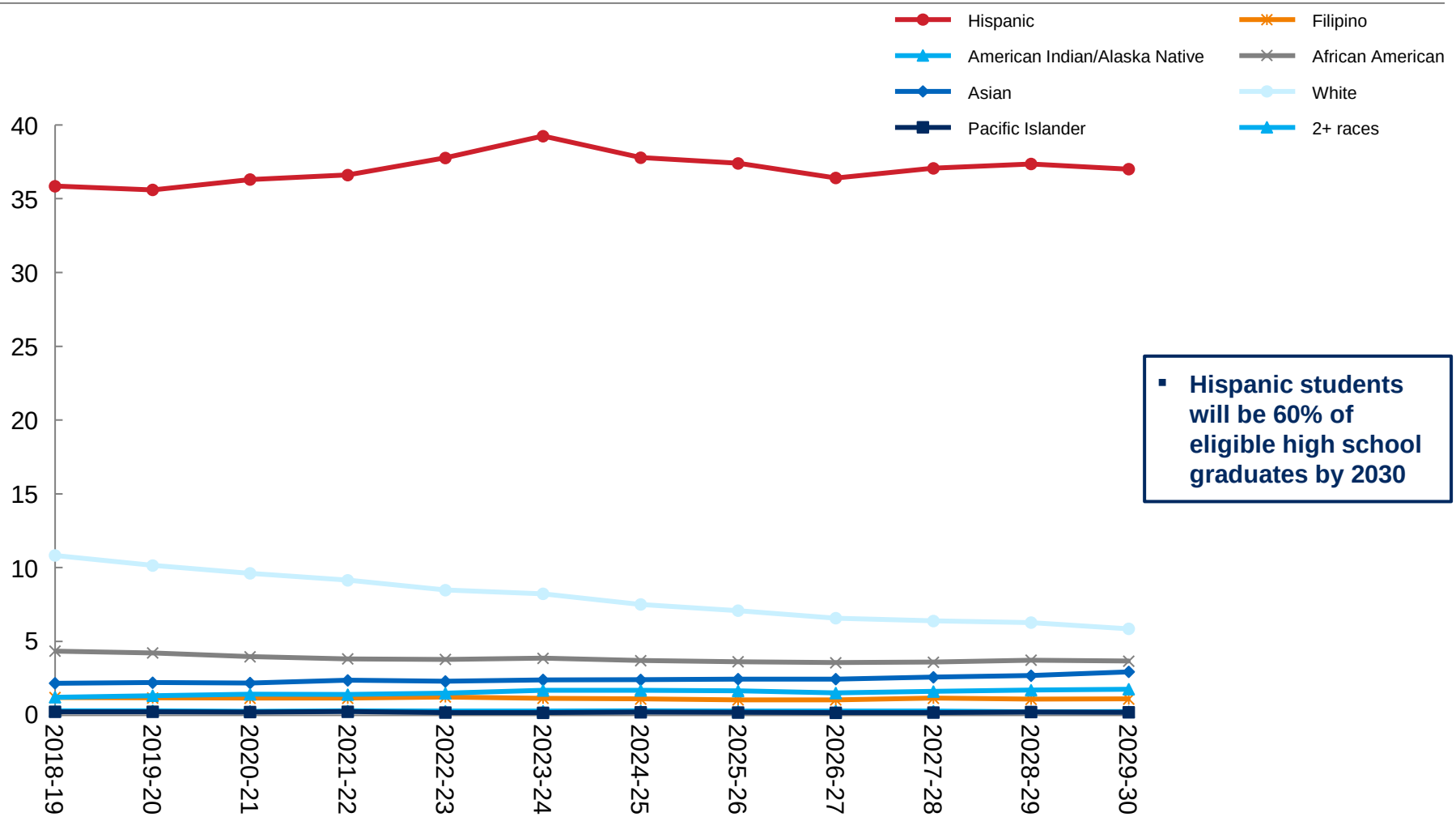


SOURCE: UC InfoCenter, CSU

2 Two-thirds of UC/CSU eligible high school graduates will be students of color[1] by 2030

Projected UC/CSU eligible students[2] by race/ethnicity in the Inland Empire, 2030

Number of students, thousands



- **Hispanic students will be 60% of eligible high school graduates by 2030**

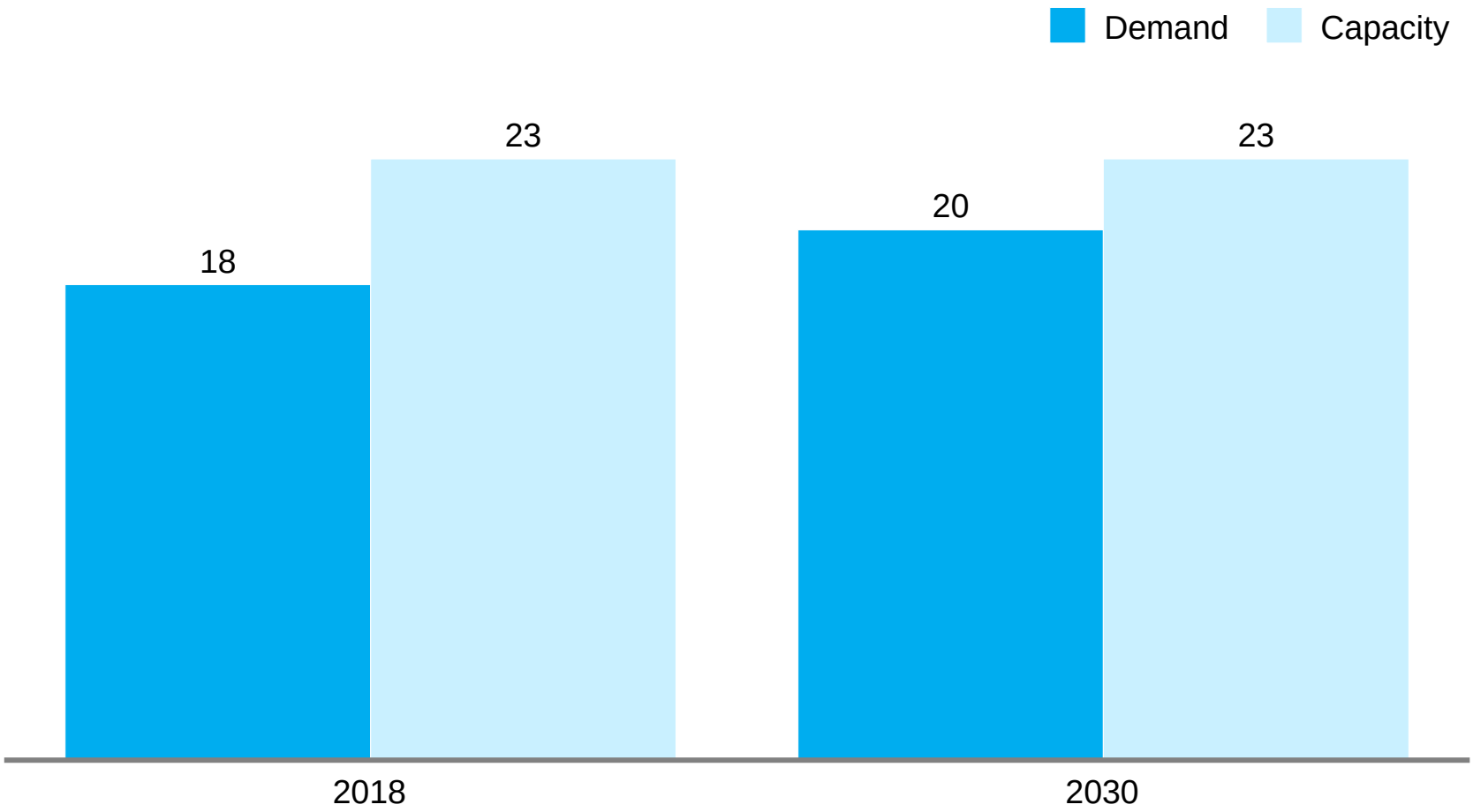
1 Includes Hispanic, American Indian/Alaska Native, Pacific Islander, and African American students
2 Eligibility is defined as completing the A-G requirements

SOURCE: California Department of Education

2 There is a surplus in the Inland Empire for 2-year degrees and this trend will continue through 2030

Demand for 2-year degrees in Inland Empire[1] vs. supply of 2-year degrees in Inland Empire, 2018 and 2030

Number of students and seats, thousands



1 Demand for 2-year degrees includes demand from non-UC/CSU eligible recent high school graduates from the Inland Empire and adult learners from the Inland Empire

SOURCE: IPEDS, DataMart