

Rights Turned Into Privileges:
The Death of College Affordability in California

Education Law Policy Paper

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Thesis

California's higher education system today is at a crossroads. While its premier university system, the University of California, is largely looked upon as California's signature pride. With five of its nine undergraduate campuses consistently ranked in the top 10 public schools, the University still struggles to maintain its promise of affordability to its students as a result of large divestment and neglect from the state government.¹ As a consequence, tuition is consistently increasing at unusually fast rates, around 300% since the year 2000.²

This paper will analyze how and why the state's divestment from higher education occurred, the current crises the University of California faces, and the possible solutions that are being looked at by the University of California, the state government, and activist groups. First, the paper will examine the State of California after World War II and how California's new development inevitably led to the California Master Plan for Higher Education, which had promised free higher education to all Californians. This paper will then contend that the extrinsic changes to the political landscape caused by *Serrano v. Priest* and Proposition 13, as well as the intentional changes caused by the War on Crime, are largely responsible for the demise of college affordability within the state.

Post-war California

¹ "Top Public Schools." [Http://colleges.usnews.rankingsandreviews.com/best-colleges/rankings/national-universities/top-public](http://colleges.usnews.rankingsandreviews.com/best-colleges/rankings/national-universities/top-public). US News, n.d. Web. 29 Apr. 2015.

² Regents, University of California. "Where We Stand Today." *Where We Stand Today*. UC Santa Barbara, Santa Barbara. 12 Oct. 2011. Lecture. Slide 4

A great economic surge glossed over the state of California following World War II. Having been immediately thrust into the Cold War, Californian based missile companies, such as McDonnell Douglas, Lockheed Martin, the North American Aerospace Defense Command, and prominent research labs at the Livermore Lawrence Lab, the California Institute of Technology, and Stanford University provided the United States with an arsenal of weapons and research for their arms race with the Soviet Union.³ Additionally, California experienced a population boom both in urbanized and suburban areas. Areas like the San Fernando Valley nearly quadrupled in size after World War II.⁴ Communities of color also moved into the state in large numbers due to a large need of both farm and factory workers during the war. The African American population in California, for example, grew from around 124,306 at the start of the war to 462,172 after its end.⁵ The Chicano population in California also increased due to federal efforts during the war due to efforts like the Bracero program.⁶

As a result of the surge in the states capital, the increased population, the focus on technology production and research, and the introduction the GI Bill, state legislators realized that they needed to accommodate these needs by either enhancing their public universities or building new ones.

A Need for More Colleges

³ Scott, Cynthia C. "California during the 1950s and 1960s." Rewind The Fifties 1950s History - California during the 1950s and 1960s. Rewind The Fifties 1950s History, n.d. Web. 18 May 2015.

⁴ Starr, Kevin. Golden Dreams: California in an Age of Abundance, 1950-1963 (Americans and the California Dream). Kindle ed. N.p.: Oxford UP, n.d. Print. Pp. 128

⁵ Starr, 10,689

⁶ Scott

To address the needs of the state towards the end of the 1950s, state legislators introduced over twenty proposals that were aimed at building new state colleges.⁷ However, these proposals were largely self-serving for the legislators because nearly every district desired a local state college.⁸ State colleges were additionally more appealing to legislators because unlike the University of California, state colleges did not have an autonomous decision making board—essentially giving the state more control over major decisions.⁹ The legislators’ self-serving behavior and consistent attempts to intermeddle with higher education concerned many influential leaders in the state. In particular, the biggest concerns were economic efficiency and fears that the legislator may eventually neglect the California Community Colleges and the University of California in favor of state colleges.¹⁰ In 1959 Governor Pat Brown echoed these concerns by stating a need for a “dramatic change in the system.”¹¹ As a result, many influential leaders collaborated to create the California Master Plan for Higher Education.

California Master Plan For Higher Education

In 1960, the Donahoe Act, also known as the California Master Plan for Higher Education (Master Plan), established a tuition free education system accessible to every Californian. This plan stated that the top 12.5% of high school students would be admitted to a campus within the University of California, the top

⁷ Starr, 5445

⁸ Douglass, John Aubrey. *The Conditions for Admission: Access, Equity, and the Social Contract of Public Universities*. Stanford: Stanford University Press, 200 , p. 247-248.

⁹ Ibid, 79

¹⁰ Ibid, 53

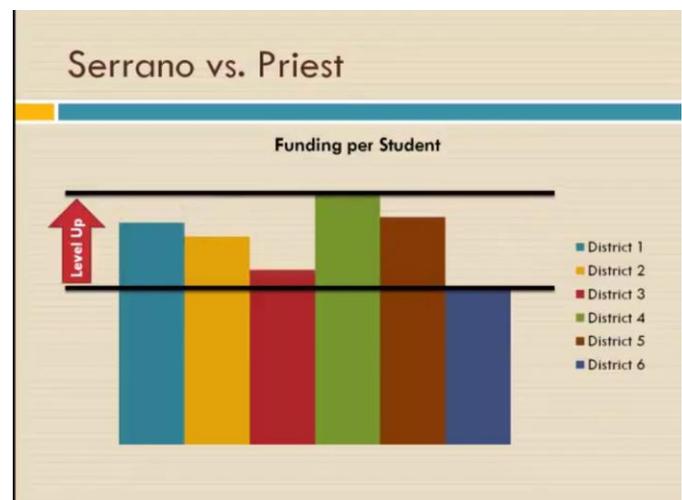
¹¹ Ibid, 200

33.3% (one-third) of high school students would be admitted to a California State University (a newly established system under the Master Plan which aggregated the state colleges), and every student, even those who failed out of high school, would be eligible to attend a California Community College, which was within commuting distance to over eighty percent of California's residents.¹² Everyone at a community college would be offered the opportunity to transfer to either a University of California or California State University school. In theory, the Master Plan would make it such that every California resident, no matter their wealth, age, or background, would be given the opportunity to receive a quality education.

The Master Plan heavily relied on state funding in order to ensure its promise for affordability, accessibility, and quality. To fulfill this promise, the state would have the burden of continually adjusting to the rising population and the growth of suburbs by paying for the tuition of each student, hiring more quality professors, and even building new campuses.

Disparities in K-12: Serrano v. Priest

While the Master Plan was attempting to provide equal access to a quality education to every college student in California, this scenario was not paralleled with K-12. This was primarily due to K-12 funding being allocated



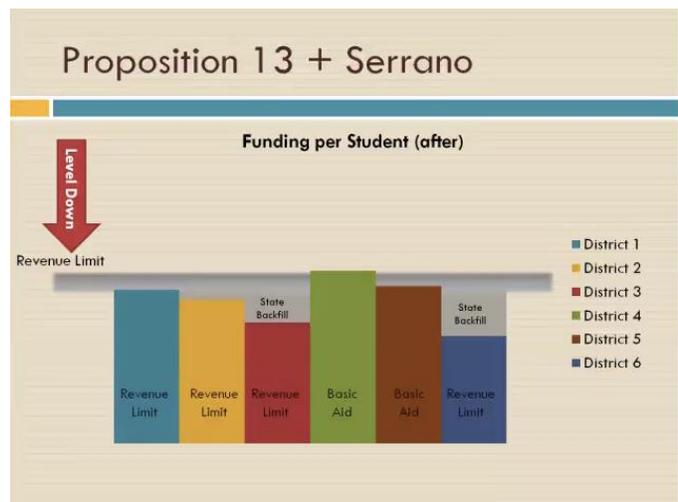
State backfill creating equal funding

¹² Starr, 5472

primarily from local funds instead of state funds.¹³ Inevitably, richer areas were able to garner more funds for their schools even when they taxed their residents less. Advocates for equality filed a class action lawsuit on behalf of pupils from poorer districts stating that the disparities violated the Equal Protection clause of both the United States and California constitutions.¹⁴ In *Serrano v. Priest*, the California Supreme Court held that the disparities resulted in a violation of the Equal Protection Clause of the California Constitution.¹⁵ This resulted in requiring the state to backfill the funding disparities between the poorer and richer school districts.¹⁶ The affects on higher education here were initially marginal as this minimally affects the General Fund.

Proposition 13: State Burden on K-12

The most devastating affect on higher education affordability was Proposition 13. With the rising value of property in California, many groups had often struggled to pay for what was an assessed value of property tax—meaning that Californians had to pay taxes based on the current value of their home. Proposition 13 was largely favored



Increased State Dependency

¹³ Rosenblatt, Seth. "California Education Finance - Explained." Vimeo. N.p., 2011. Web. 21 Apr. 2015.

¹⁴ Rosenblatt

¹⁵ Rosenblatt

¹⁶ Rosenblatt

by many communities, such as the elderly, because it sets property taxes at the initial cost the property was purchased. ¹⁷Proposition 13 also did something else. It made California the only state in the nation to apply the initial cost method of taxing to commercial property.¹⁸ This eventually put a tremendous burden on the state to pick up the tab for services, such as K-12, that would have been otherwise spent by the local government. Essentially, there was less money from the general fund available to fund Higher Education.

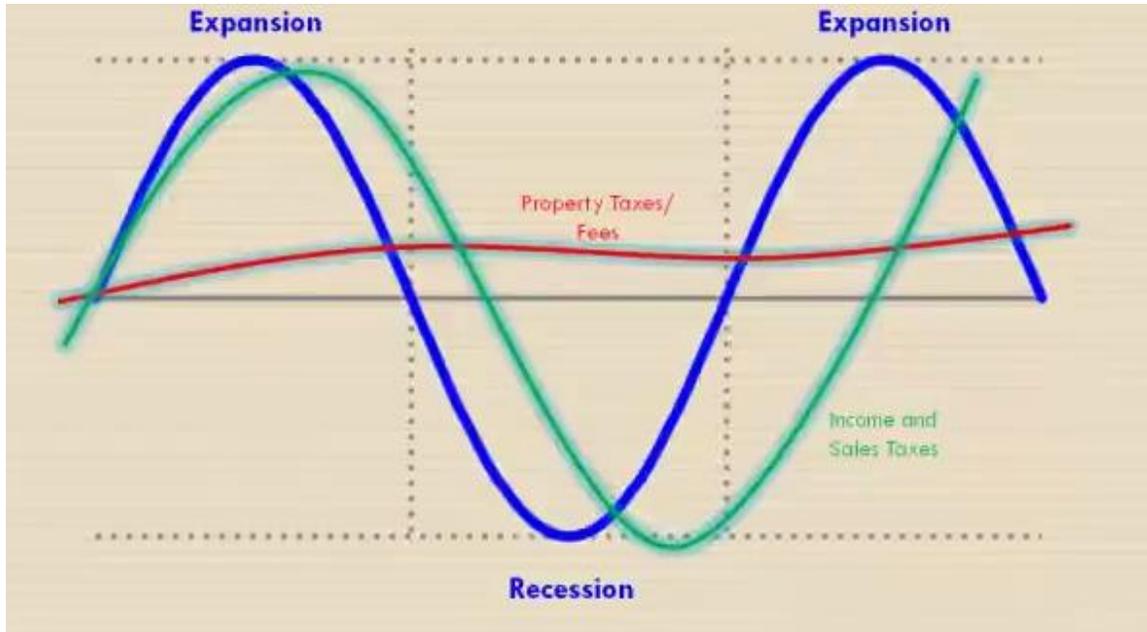
Resulting Extrinsic Higher Education Effects

The biggest problem with the promises made by the Master Plan is that they were made during a different political landscape for California. They were passed in a time of prosperity, where the state could more freely allocate its funds to higher education due to a more independent local government. Today the large majority of the California's General Fund revenue is acquired through both income tax and sales tax. Because of how they react to economic recession as opposed to property taxes, property taxes are a more stable and steady form of taxing people as we see in the chart below.¹⁹

¹⁷ Rosenblatt

¹⁸ "Prop 13 Interview." Interview with Kelly Osjaima representative from *Evolve Ca*

¹⁹ Ibid



Property Taxes Are More Stable

This tends to create a tendency to over budget during years of economic expansion. Unfortunately when recession hits, higher education is among the first budget items that are cut when prioritizing funds.

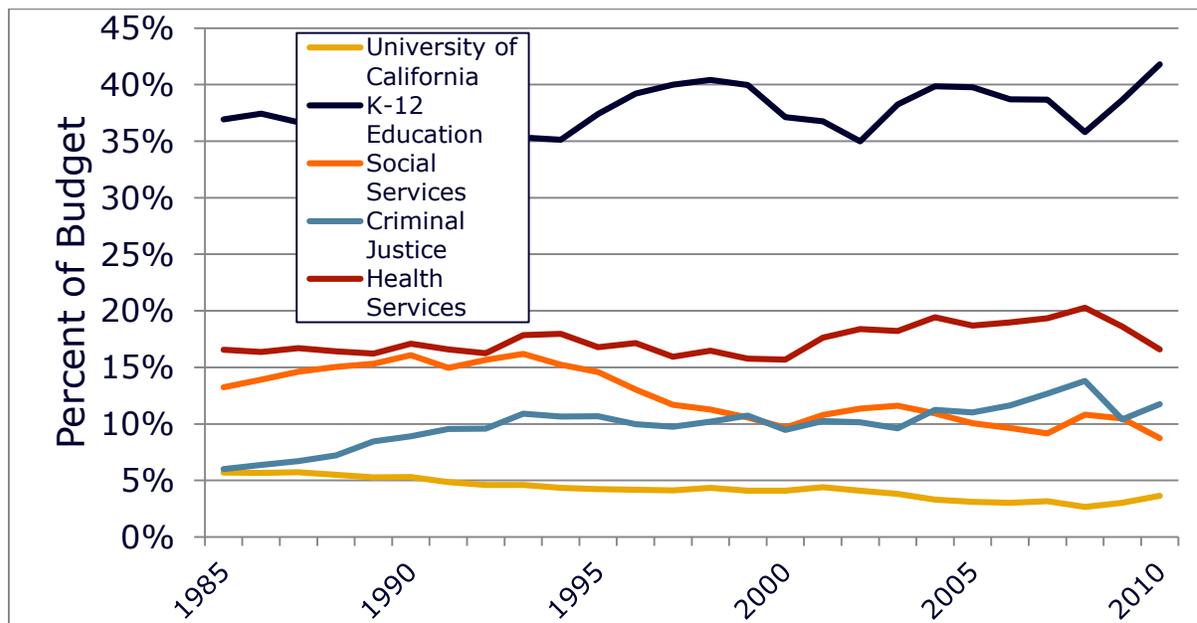
Intentional Effects & Prioritization: The War On Crime

From 1985-1995 politicians from the state of California launched a metaphorical war on crime, which led to high incarceration rates for particularly non-violent crimes.²⁰ Over 70% of



²⁰ "Home » About." California Sentencing Institute. N.p., n.d. Web. 21 Apr. 2015.

Californians who are currently incarcerated are there for non-violent crimes. ²¹What does this have to do with Higher Education? While the incarceration budget has nearly doubled over the last twenty years, the budget for higher education has sharply decreased by nearly a third of what it used to be since the Master plan. A comparison of the General Fund proportional allocation in 2011 to the one in 1962 shortly after the adoption of the Master Plan shows that the Corrections budget was only a meager 4.6 percent, while the total budget for Education was 59% with Higher Education totaling nearly 15%.



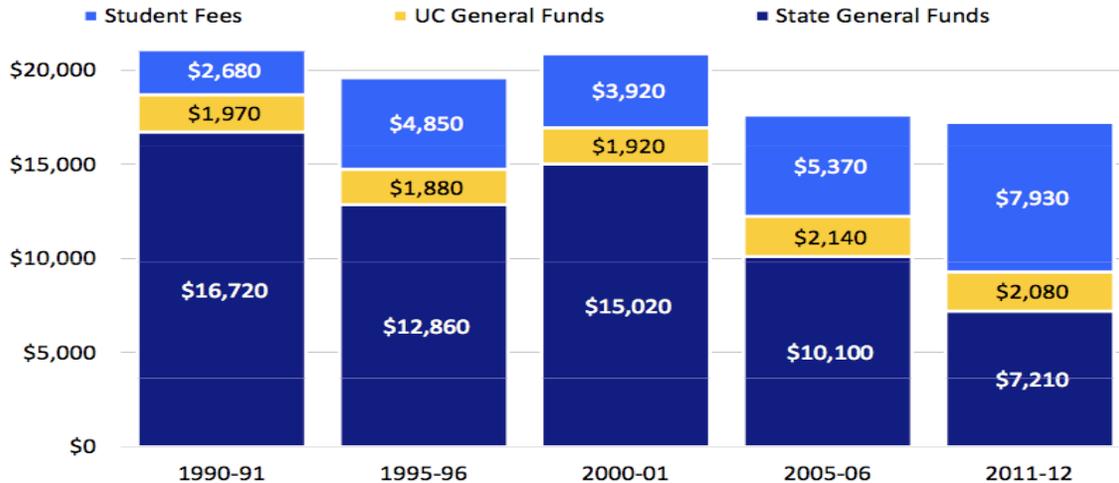
Aggregate Effect on Tuition

While the state has naturally divested from higher education by proportioning their resources elsewhere, it is much easier to visualize the divestment on a per student basis. These are the numbers of per student spending

²¹ Haney, Matt. "What's Wrong With Prisons?" What's Wrong With Prisons? Hearts and Minds: Information for Change, n.d. Web. 21 May 2015.

on their education over the last 15 years when adjusting for inflation.

Decline in Spending Per Student



Perhaps what is most significant is 2011 marked the first time in the history of the University of California where students spent more on funding their education than the state.

The UC Regent Plan: Privatization

While the state is the entity that allocates the public funding, the sole power to raise and lower tuition at the University of California (UC) lies with its autonomous Board of Regents. Whenever the UC receives a significant cut, the UC Regents convene and decide to do one of the following three actions 1) Raise Revenue, 2) Cut Spending, or 3) A mixture of Raising Revenue and Cutting Spending.

Typically the UC Regents do not like to cut spending because cutting spending usually means cutting quality.²² The Regents will usually opt for the easiest option for raising revenue, which is done through increasing student tuition.

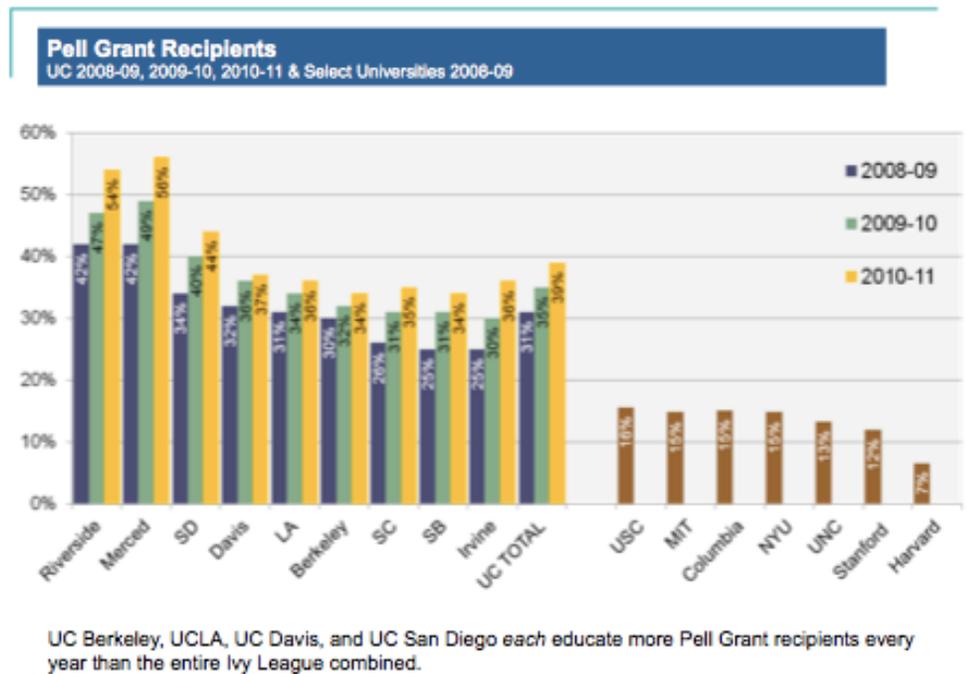
²² Regents, University of California. "Where We Stand Today." Where We Stand Today. UC Santa Barbara, Santa Barbara. 12 Oct. 2011. Lecture. Slide 7

Other methods can be done through collaborating with the state on finding new funding streams through either the general fund or new tax measures or propositions.²³

After years of divestment and neglect, the Regents would like the University of California to be self-sufficient. Twice in the past 4 years, the regents have introduced proposals to essentially eliminate in-state tuition.²⁴ The proposals have not succeeded due to both public outrage and commitments by the state to increase funding.

Justifiable Public Outrage?

Many wonder why the public is outraged and upset when University of California tuition is already considerably cheaper than similarly ranked schools and other public school systems. Activists, however, contend that the affordability aspect directly compliments the



accessibility of the University. For example, the University of California commitment

²³ Regents, University of California. "Where We Stand Today." Where We Stand Today. UC Santa Barbara, Santa Barbara. 12 Oct. 2011. Lecture. Slide 8

²⁴ Regents, University of California. "Where We Stand Today." Where We Stand Today. UC Santa Barbara, Santa Barbara. 12 Oct. 2011. Lecture. Slide 9

to low-income students seem to far out do its counterparts just based on the Pell Grant acceptances made by the University. However, a Pell Grant just covers just over \$5,000 in savings. Activists fear that if tuition were to reach the self-sufficient rates of the nearly \$26,000 per year, then these students would no longer be able to access such a quality education.

Activist Solutions: Split Roll

The most visible and actively campaigned for activist solution is called the Split Roll Proposition (Split Roll). Activists in favor of Split Roll seek to undo some of the harm done to both K-12 schools and public universities from proposition 13.

Split Roll seeks to keep residential properties taxed at initial cost (keeping the majority of tax payers happy), but to reverse taxing commercial residences back to the old assessed value test. Their most convincing arguments are due to the very

nature of commercial and residential properties.

Residential properties change hands on average every 15 years.

Commercial properties on the other hand last much longer, resulting in an uneven burden on residents. One campaign uses the

photo of Disneyland the right to get their point across. Their argument stems from Disney Land being in what was a very affordable and empty location like orange county and continuing to pay property taxes for that empty location, while residents

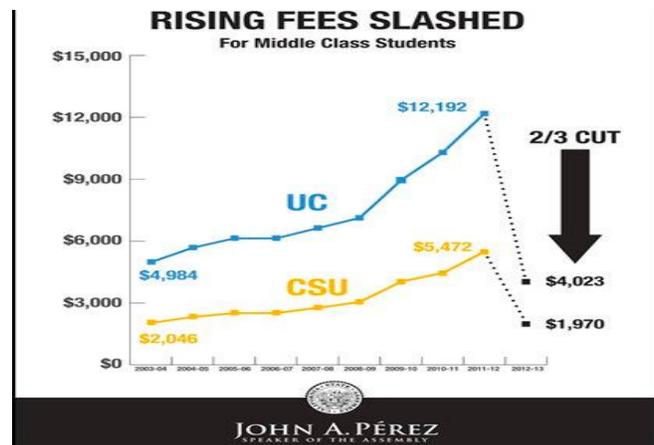
<i>Your Castle</i>	<i>SLEEPING BEAUTY'S CASTLE</i>
Property Taxes Owed: \$.40 per square foot	Property Taxes Owed: \$.05 per square foot
	
Average Californian Family Income: \$61,635	Walt Disney Corp. Annual Income: \$42,278,000,000
<p>The average homeowner is paying 8 TIMES what Disneyland pays in property taxes. Voters passed Prop 13 to protect <u>Your castle</u>, not <u>Sleeping Beauty's Castle</u>.</p>	

who recently moved in to the now transformed expensive region bare the burden of paying property taxes for the same local services that Disneyland receives.

According to activists the Split Roll would make the state nearly \$6 billion in revenue. This is the most viable solution to longterm funding and stability to not only the University of California budget, but also the stability of the state government budget.

Failed State Solutions: The Middle-Class Scholarship Act

The state recently had a strong push for middle-class affordability of higher education.²⁵ It was a measure called the Middle-Class Scholarship Act that would allocate money to the University of California and reduce



tuition to families who make under \$150,000 by an entire \$8,000.²⁶ Unfortunately after passing in the California Assembly the measure barely failed in the California State Senate.²⁷

Conclusion

The California Master Plan for Higher Education established higher education as right to Californians by making higher education free and accessible to anyone who could establish residency. Unfortunately, the changing of the political landscape

²⁵ "Prop 13 Interview." Interview with Kelly Osjaima representative from *Evolve Ca*

²⁶ Perez, John. "Middle Class Scholarship: Making College Affordable Once Again." Middle Class Scholarship. California State Assembly, n.d. Web. 21 Apr. 2015.

<<http://asmc.org/issues/middleclassscholarship/>>.

²⁷ Ibid

through the mechanisms of Proposition 13, Serrano v. Priest and the War on Crime have taken that right and made it a distinct privilege. California has gone so far past free quality higher education that even if the state would take measures to enact the split-roll and reduce spending on incarcerations, it is still difficult to foresee California returning to its promise of the Master Plan