

Does California's Master Plan Still Work?

Separate higher education systems pursue different mandates, while participation and graduation rates decline

By Pamela Burdman

IN THE LATTER HALF of the 1990s, a series of reports urged California policymakers to prepare for the imminent arrival of baby-boomers' children at the doors of California's colleges and universities. The consequences of the predicted surge in enrollments would be dire if the state was not ready, said the reports, which bore somber titles like "Breaking the Social Contract" and "California at the Crossroads." Another report referred to a "hurricane" threatening "California's historic commitment to college opportunity." Amid the metaphors, one took hold as the symbol of the coming generation of college students: It was Tidal Wave II, coined by Clark Kerr, the architect of California's 1960 Master Plan for Higher Education.

Some, most notably the state's Legislative Analyst's Office (LAO), dismissed the predictions. "I don't know who's calling it a tidal wave. It's a catchy word. But it's a poor metaphor. A tidal wave is uncontrollable," an LAO staffer told the *San Francisco Chronicle*, accusing higher education leaders of inflating the projections for their own benefit. "For every student, they hire faculty, they get money," he said. In its report, the LAO insisted that college-going rates of the various ethnic groups would remain constant. Because Latinos, with historically low college-going rates, were the fastest-growing segment of the population, California would see only modest enrollment growth—and a decline in actual participation rates, the agency concluded.

The assumption that those low participation rates could not be nudged up by public policy action was sharply countered by higher education experts, as was the report's recommendation that enrollment be "managed" by increasing fees and tightening admissions requirements. "Anybody who would say, as a matter of public policy, that the participation rates among blacks and Latinos are okay, is not being realistic about the needs of this state," noted Jerry Hayward, then-director of Policy Analysis for California Education and a retired chancellor of the state's community college system. Others warned that a failure to reduce ethnic gaps in participation rates could leave the state sitting on a keg of "social dynamite."

A decade later, the tidal wave had yet to hit shore. By 2005, the year that many of the reports used in their analyses, California's public higher education institutions were enrolling roughly 200,000 students fewer than the higher projections had suggested. And in early 2008, as the state prepared to address what a higher education advocate called "one of the most difficult and contentious budget cycles in the state's history," the accumulation of trends was worrisome:

- **A sharp drop in the percentage of students going to college directly after high school.** In 1985, about 62 percent of high school students went straight to a public institution of higher education (with the majority going to community colleges). By 2005, the figure was just 46 percent, according

to the California Postsecondary Education Commission (CPEC). The trend is of concern because direct enrollment is linked to success in college.

- **A continued racial gap in both high school graduation and college participation.** In 2005, only 26 percent of Latino ninth-graders and 29 percent of African Americans entered college within four years, compared to 37 percent of whites and 63 percent of Asians. With Latinos the fastest-growing population, the pattern is not a good omen.

- **A decline in the state's overall education level.** According to an analysis by the Western Interstate Commission for Higher Education, WICHE, each successive California generation is less educated than the preceding generation. While nationally, 25-to-34-year-olds are better-educated than the 55-to-64-year-old cohort, in California the opposite is true. The decline looks even more stark when compared with international trends.

"People are having a hard time understanding that California is not still at the top of the heap," said John Douglass, an educational historian at UC Berkeley's Center for Studies in Higher Education. "Most people have no idea that we have such low BA production rates. In the last thirty years, the state has basically not done anything innovative to its higher education system. We're at the bottom of the barrel, where we used to always be at the top."

Averting this particular tidal wave is not necessarily a good sign, but how to explain its absence is unclear: Was the analyst right in denying the imminence of a crisis? Did actual fee increases and greater admissions restrictions at the state's four-year universities effectively "manage" enrollments away? Or were the lower numbers a case of self-fulfilling prophecy, in which the state's failure to prepare for escalating enrollments or stimulate minority college-going effectively curtailed access, as the reports had warned?

And is the tidal wave's absence largely responsible for the



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declining education levels in the state? Or are low completion rates to blame? Each of the suppositions has some merit—and several of them might be true. But to higher education insiders, perhaps the most troubling trend of all is the fact that so few have even noticed, let alone responded to, California’s slide. Indeed, in the years that California would have been addressing the crisis, the state’s higher education establishment appeared to be fraying.

For nearly 50 years, California’s higher education system had been defined by the state’s vaunted Master Plan and its tripartite system. The plan’s bold vision of access and quality safeguarded a system of selective research universities and provided baccalaureate education through the less-selective California State University system, while simultaneously ensuring broad access to higher education through a far-flung network of community colleges.

For decades, the Master Plan had been credited for the state’s superior education level and strong public research universities.

But by early 2008, even before the extent of the budget deficit was known, there were visible signs of strain. Interim CEOs were leading two of the systems after the abrupt resignations of incumbents the year before: At the ten-campus University of California, Robert Dynes retained the president’s title, but had been effectively pushed aside after a series of executive compensation scandals. The university’s operations were officially in the hands of the provost, but some insiders alleged that a “shadow government” of the university’s regents was really in charge.

While UC was trying to address the effects of ten years of bureaucratic accretion—the president’s office staff had grown by more than 25 percent over that period—the community colleges were facing the opposite problem. The system office had been forced to cut its Sacramento staff by 25 percent over the same period, to the point that it employed 130 full-time individuals—fewer than the UC president’s office information technology staff alone. When Chancellor Marshall Drummond vacated his job at the helm of the 109-campus community college system in the summer of 2007 to return to his prior post with Los Angeles’ community college district, he made it clear that the minimal staff and lack of authority made the job hard to bear. A salary under \$200,000—less than many district chancellors—apparently didn’t help.

While the challenges in the two systems complicated the search for strong leaders, the 23-campus California State University retained stable central leadership in Charlie Reed, an aggressive and policy-savvy leader with increasing clout in Sacramento after ten years on the job. Yet his straight-talking ways had earned him some enemies, especially among his own faculty and within the community college ranks, where he had become something of a lightning rod.

But other leadership was scarce. CPEC, never a powerful coordinating body, had dwindled from a staffing level of 52 in the

early 1990s to just 22 by 2007. Only sporadically had a series of education secretaries appointed by Schwarzenegger even hired a higher education specialist. In the legislature, leadership was also a problem: Committee service in a sector dominated by public institutions unable to make political contributions was attractive only to those with the purest of motives, noted Christopher Cabaldon, an education lobbyist and former aide in the state assembly and the community college system. Even for those dedicated to policy, higher education was a challenge, because of the dominance of three independent segments, especially the University of California, which often touted its “constitutional autonomy.”

In the legislature, the primary remaining stalwart for higher education, Democratic Senator Jack Scott, was entering his final year in office, with the ranks of lawmakers devoted to improving higher education having been winnowed by a 1990 term limit law. “Where’s Gary Hart and Alquist and John Vasconcellos and Becky Morgan?” asked former Cal State Chancellor Barry Munitz, now a professor at Cal State Los Angeles, referring to some of the “legislative lions” who had championed higher education issues in previous eras. “There are too many people confused about with whom to even speak to get something done at the state level,” said Munitz, who now heads the state’s P–16 council.

Governor Arnold Schwarzenegger had proclaimed 2008 the “year of education.” But whether that year would include postsecondary education remained a topic of frequent speculation among higher ed insiders even before the budget projections cast a pall on the whole endeavor. It was not at all clear what comprehensive statewide agenda for higher education could emerge, since no serious statewide policy discussion had occurred.

“We have seen state policymaking in the last decade continue to go from pillar to post based solely on short-term political pressures and how many dollars are in the state treasury,” noted Steve Weiner, a retired higher education official who has held leadership positions at UC, the community colleges, as well as the Western Association of Schools and Colleges. “As far as I can tell, the leadership of the state of California is completely asleep at the switch, when it comes to education, and particularly higher education.”

Weiner and other higher education observers have puzzled over why there has been so little appetite for addressing a crisis long in the making, visible to analysts for at least a decade. Instead of focusing on the pressing need to maintain and increase education levels, higher education policy discussions have been consumed with narrower issues: the unraveling of affirmative action at UC in the late 1990s, a series of fee increases that shocked students beginning in 2003, and controversies related to executive pay at UC and Cal State, to name a few.

Each of these concerns is a sign of the state’s changing demographics, and also of its declining commitment to higher education, a decline that is at odds with the increasing necessity of postsecondary education to sustain both individuals and states. But the state’s biggest challenges have not been the focus of concerted attention, let alone a state-level policy response.

“For a state that is facing some serious issues, relatively little has changed,” said David Longanecker, director of WICHE. “In the mid-1990s, the state was projected to face a huge tidal wave

of new students. So they responded by creating an elite campus in Merced, serving an enrollment of only a few thousand for the foreseeable future, and a specialized campus in Monterey Bay. It didn't seem to me to be critical to the state's most pressing needs. If you were to have a good policy analyst from the moon come down, they would take a look and say there is not a heck of a lot that has changed over the last ten years."

In addition to the two campuses cited by Longanecker—UC's Merced campus and Cal State Monterey Bay (which opened in 1994)—Cal State has added its Channel Islands campus, and four community colleges have opened. To serve an influx of 400,000 students over a decade, the state has added seven campuses—plus a series of satellite campuses and off-campus centers.

The absent sense of urgency may be partly attributable to the fact that the trends are not clearly visible in indicators that seem important. As Longanecker noted in a presentation to CPEC commissioners in September 2007, "You're still third on the New Economy Index; you're still the 12th wealthiest economy. One of the reasons we see the South making more progress with higher education is because they see themselves as distressed and the rest of us don't."

National comparisons based on federally collected data are also confounding: They show California ranking among the top dozen states in graduation rates at both two- and four-year institutions. But those figures do not account for two factors: First, a smaller proportion of students attend four-year universities, making the state highly dependent on the volume and success of community college transfer students to boost baccalaureate production. In California, 46 percent of postsecondary enrollments are at community colleges (when private institutions are included), almost double the national median of 25 percent. Only two other states enroll anywhere close to California's share (Wyoming and Washington, with 47 and 46 percent, respectively). Secondly, the statistics typically don't include part-time students, who complete college at much lower rates, and who account for a far greater proportion of students in California than in the rest of the country. This is particularly true at community colleges, where 70 percent of California students attend part-time, compared with 58 percent nationally.

Given California's larger community college enrollment, these factors mean that a significant proportion of California students are not accounted for in federally tracked graduation rates.

For example, for its four-year universities, federal statistics show California with a six-year graduation rate of 62.5 percent, well above the national average of 56.4 percent in 2006. According to numbers provided by the systems, UC's six-year graduation rate was 80.4 percent while Cal State's was just 47.8 percent. In addition, both state and federal data show that these rates have improved noticeably over the last decade. On national comparisons of three-year graduation rates for community colleges, California ranks third with a 46.3 percent graduation rate. But when part-time students are included, other analysts have found that roughly 25 percent of students seeking to transfer or complete a degree or certificate do so within six years of enrolling.

Actual transfer rates depend on the denominator that is chosen: In a 2007 study, MPR Associates found that for the

2000 entering class, among students who had completed any transferable classes, six percent transferred to UC and 11 percent to Cal State. Of those students who had reached "college pathway status," which means that they had completed 12 units, six percent transferred to UC and 16 percent to Cal State. Using a narrower denominator—those students who had completed transfer requirements—16 percent transferred to UC and 45 percent to Cal State. Another seven percent went to private or out-of-state institutions.

Another obstacle to advancing a higher education policy agenda is that when policy discussions do center around the failures of the state's education system, they invariably concentrate on the poor performance of the state's K–12 schools. But while California spends less than other states on K–12 schools and gets worse results, the trend is different with higher education, where California, by some measures, spends more than other states. For each bachelor's degree produced, California spends \$73,000, far more than the national average of \$63,000, according to the Public Policy Institute of California (PPIC).

The statistics do not seem to have confused the public, however. In a recent statewide survey, a perception of dwindling postsecondary opportunity was a strong theme: 65 percent of Californians (up from 48 percent in 2000) said that many who are qualified to go to college don't have the opportunity. That is particularly problematic when nearly two-thirds of those surveyed said a college education is necessary to succeed in today's economy. "This makes for a high-anxiety issue," noted Mark Baldassare, president of PPIC, in releasing the poll. "People are saying that the very thing they need to be successful, that their children need to be successful, and that the state needs to be successful, may not be attainable."

For the failure to tackle these trends, some analysts fault the very durability of the Master Plan, saying that devotion to it may explain why the state's leadership has not come to terms with serious threats to the performance of higher education in California. Because of the strength of the individual segments, it is harder for policymakers to see the forest (the needs of the state and its students) for the trees (three powerful public higher education segments). Despite rapidly changing demographics, there is no system of clear accountability for longitudinal outcomes.

"The structures put in place in 1960 are overwhelmed by today's issues," wrote Nancy Shulock, director of the Sacramento State University Institute for Higher Education Leadership & Policy, in 2004. "In 1960 our public colleges and universities served a small and homogeneous portion of the young adult population. Today's public colleges and universities must serve a large and diverse population of students whose demographic characteristics and attendance patterns are profoundly different than in 1960. And they must do so within a more competitive environment—both with respect to other postsecondary institutions and other demands on public resources."

In a fairly damning 2004 assessment of the Master Plan, Jeff Lustig, a government professor at Sacramento State, wrote, "That a state with 20 million residents and nine public Ph.D.-granting

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institutions in 1970 should, in 2004, with 35 million residents and a “tidal wave” of new students (Kerr’s term), still have only the same nine public Ph.D.-granting universities, and growing obstacles to student access to its lower-track institutions is partly the result of that plan.”

Part of the problem may be that the least powerful of the three segments—the community college system—is actually the most important link in the chain. The idea of a strong system of public two-year colleges initiated in California and was codified in the Master Plan. In designating that only the top one-third of high school graduates could attend one of the state’s universities, the plan assigned the community colleges to serve any remaining student who could benefit from postsecondary education. As higher education has become increasingly necessary for anyone wishing to pursue career-path employment, the colleges have become more and more critical to ensuring that postsecondary attainment.

However, while higher education has historically embraced community colleges’ access mission, the state’s vision for them has only recently begun to include completion and transfer rates. “The Master Plan is access, access, access,” noted Charlie Reed of Cal State. “Today it’s access and completing the degree and getting out and going into this workforce that California has.” A state that routes a greater proportion of students to attend community colleges must ultimately have a more effective

transfer system in order to address the need for baccalaureate degrees.

And, as if that weren’t a great enough challenge, California’s colleges must do so with fewer dollars than community colleges in other states—and with less than the K–12 system. Though state subsidies in California approach the national average, extremely low fees and minimal investment in financial aid puts the community college system at a serious disadvantage compared to other states. California’s colleges receive roughly \$5,500 per student in fees and state funding per year, compared with nearly \$7,000 in other western states, according to WICHE.

Despite being chronically underfunded, the colleges are struggling to serve large numbers of students coming to them unprepared for college classes. More than 70 percent of students who take a placement exam are assessed as performing below college-level—the combined result of poor K–12 preparation and delays in college attendance. Of those who take remedial courses in English, only 41 percent attempt a transfer-level class within three years. Even fewer—just 14 percent—do so in math.

Addressing such dismal data is a challenge, given that by early 2008 the state had not developed any specific goals regarding the state’s education level or strategies for increasing it. An opportunity to do so came and went in the three-year period from 1999 to 2002, when the Master Plan was revisited. Despite an effort by state Senator Dede Alpert to rewrite the plan, the final document barely altered the original version, aside from the addition of sections on K–12 education. And even those modest changes were never enacted into law.

Since then, the only significant departure has been the 2005 vote of the legislature to allow Cal State to offer doctorates

in education, Ed.D. degrees, despite UC leaders’ fears about lowering academic quality and opening the door for Cal State to further encroach on their turf. Indeed, a new proposal surfaced in 2008 to extend the doctorate to nursing as well.

Today, even long-time devotees of the Master Plan have begun to question its utility in the 21st century. “California has basically a structural inadequacy in dealing with the educational needs of California and its long-term competitiveness,” said Douglass. “I came to this reluctantly, because I’ve always had a strong sense of the magic and power of California’s tripartite structure.

“For a long time, I kept thinking it just needs to be healthier, if you could just enhance the system and have better funding mechanisms for the community colleges. I think now that there’s just a structural flaw that goes beyond funding. California was an innovator that kept doing things to change the system at the margins. In the last 30 years, it’s basically not done anything innovative to its higher education system. The vision of 1960 is not one that meets the socioeconomic needs of a state like California and its long-term economic competitiveness.”

The closest thing to goal-setting has been a series of “compacts” between the state and its four-year universities, guaranteeing funding and fee levels over a four-year period in exchange for some additional reporting. Because of constraints on state funding sources, the agreements have not prevented an outcry over rising fees. Since the fall of 1997, tuition and fees have risen from \$4,212 to \$7,347 at UC, and from \$1,946 to \$3,451 at Cal State. Community college fees increased from \$13 per unit (\$390 for 30 units) to \$26 per unit (\$780) in 2006, and back down to \$20 per unit (\$600) in 2007—about one-quarter of the national average. Nevertheless, the four-year institutions favor the compacts because of the predictability they offer.

“The compacts have introduced stability because the institutions know that it’s a guarantee, and it seems to be non-partisan because it’s passed from Governor Wilson to Davis to Schwarzenegger,” noted Shulock. “But there’s no teeth in them. There are no state priorities. They just require that UC and Cal State report certain things. They don’t say we want you to improve transfer or help the state meet its shortage of computer scientists or engineers. They’ve been a good thing for the institutions, but I don’t think they’ve been tapped for their potential to be a good thing for the state.

“The governor just shakes hands with the president of UC and says here’s what you’re getting. Community colleges don’t fit in. They’re just micro-managed by the legislature and the Department of Finance. We’re falling behind other states in terms of having a public agenda for higher education, because we really don’t have one,” said Shulock.

Though some critics accused UC and Cal State of selling out to Schwarzenegger with the compacts, the universities’ leaders generally have felt that the deals helped insulate them against budget fluctuations. However, if UC and Cal State administrators have been satisfied with the arrangement, community college leaders decidedly have not. The universities’ compacts and the K–12 system’s budget guarantees make the colleges a de facto last priority. Even though Proposition 98 dedicates a portion of the state’s budget for K–14 education, the colleges’ share has been unpredictable and politically hard to defend.

Tired of being buffeted by the fortunes of the other systems, community college leaders mounted a ballot initiative in

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February 2008 (Proposition 92) seeking to bring more money to the system and insulate it from the K–12 budget decisions. Through the statewide referendum, they sought to ensure community colleges’ portion of the state budget while reducing fee levels from \$20 to \$15 per unit.

“It’s a response to an untenable situation,” said Dale Shimasaki, a veteran higher education political consultant, at the time. “They’re trying to figure out a way to get some stability and not have to fight with K–12 all the time. They don’t like that situation, and I don’t blame them for it. When you fight adults vs. kids, the kids generally win. It’s a loser issue to be boxed in on.”

Despite forging a rare alliance among college presidents, union leaders, faculty and students (for whom the fee decrease was predictably popular) in their plight to be freed of K–12 fetters, the initiative ultimately brought the colleges into direct political combat with K–12. Opposition by the California Teachers Association (the state branch of the National Education Association), along with both of the university systems, several business organizations, low-tax advocates and the governor doomed the effort. Announcement of a \$15 billion budget shortfall only solidified the opposition.

But while community college leaders understandably were looking for a way out of their funding dilemma, and the initiative could have buttressed their fortunes for a few years, it seemed unlikely to remedy the overarching problems facing the state any more than the compacts with the universities have.

Indeed, the ballot initiative gambit is a symptom of the state’s segmented approach to higher education. The state’s focus “has been too much on institutions and not enough on the state’s productivity,” said Longanecker. Indeed, the segmental structure itself has made it difficult to stimulate a focus on state-level measures of educational performance such as has occurred in other states. “While other states are mobilizing in response to the state-by-state report cards issued by the National Center for Public Policy and Higher Education, no such activity has occurred in California, because these state-level measures of educational performance do not have any natural audience,” noted Shulock in an analysis of California’s governance structure.

Against that backdrop, even the most promising reforms that have occurred since the mid-1990s appear marginal at best, though some have promise for addressing the state’s need to educate a diverse population. Faced with a prohibition on affirmative action beginning in 1997, for example, the UC system embarked on various admissions reforms and outreach programs. From 1996 to 2006, the most dramatic demographic change in UC’s entering freshman classes was among white students, who constituted 32 percent of freshmen in 2006, as compared to 41 percent a decade earlier. At the same time, the number of Asian American students had increased from 29 to 34 percent. Latino students’ share of freshman classes also increased, from 13 percent to 16 percent, still far below their percentage of the state’s 18-year-olds. African American student enrollment remained constant, but low—at less than four percent.

But in a sign of continuing dissatisfaction with the status quo among many at the university, a statewide faculty council recommended revising UC’s longstanding policy of admitting the top 12.5 percent of students in the state. The policy would reduce the guarantee to only the top nine percent, allowing the admissions office to more thoroughly review the applications from students above and below the 12.5 percent cutoff.

While affirmative action is less relevant at Cal State, with its less selective admissions, the 23-campus university has embarked on extensive community outreach to minority communities. In February 2008, the system conducted its fourth annual Super Sunday, making appearances at more than 60 African American churches and contacting some 80,000 families. Over the past decade, Cal State has also sought to reduce the need for remediation, by requiring students to take remedial courses right away, and by adapting an 11th grade standards test to provide early information to students about their readiness for college-level work.

Though the assessment program has been considered a model K–16 policy by organizations such as Achieve, the results of the entire 12-year remediation effort have been modest to date, and they do not approach the 1996 goal of eliminating remediation, set by Chancellor Reed’s predecessor, Barry Munitz. “We have made progress in the math skills, but not in the English, reading, and reading for comprehension,” said Reed. “The single biggest challenge in California education is to get people to be able to read with comprehension.”

Nevertheless, the progress in math is encouraging: While 54 percent of entering freshmen needed math remediation in 1997, the percentage in 2007 was just 37 percent. Cal State’s requirement that students complete their remedial coursework early in their college careers may have contributed to a noticeable improvement in six-year graduation rates (from 38 percent to 48 percent). Transfer student completion rates have also improved, but the overall graduation rates remain low, partly because of a significant enrollment of part-time students.

Under Drummond’s leadership, the community college system adopted a strategic plan. Partly as a result, the system has begun to tackle one of the most critical problems facing the state: the large proportion of its students who require remediation, and the small proportion of them who ultimately succeed in higher education. Interim Chancellor Diane Woodruff made the system’s new Basic Skills Initiative, at more than \$30 million, her number-one priority. Because a majority of the system’s students enter unprepared for college-level work, the initiative is seen as critical to enabling more students to earn associate’s degrees, certificates, or to transfer to four-year institutions. It could be one of higher education’s most important initiatives.

But success is far from guaranteed, if Cal State’s experience provides any guidance. The community college effort seeks to address even lower levels of preparation, and unlike Cal State’s, has yet to set any clear targets for improved outcomes. Because of the colleges’ federated structure, with much authority resting within 72 independent boards of trustees, reforms have historically moved slowly and lacked statewide coherence. A bill to pilot Cal State’s early assessment program for community colleges, for example, has been stalled in the state legislature for the last two years, apparently because it was originally opposed by the colleges’ faculty senate, and because of differences about funding needed to support the program.

Another initiative intended to address issues of preparation and transition, the California Partnership for Achieving

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Student Success (Cal-PASS), is a product of the community college system. Cal-PASS has pioneered a system for sharing data among K–12 schools, two-year colleges and four-year universities as the basis for professional learning councils where faculty can work together to improve curricular continuity between the segments. While it is viewed as a promising initiative to support improvements in instruction, it is also true that Cal-PASS has walked into a vacuum in state policymaking and finds itself taking on aspects of a K–16 agenda that analysts say would more appropriately be championed at the state policy level.

While many of these reforms are now considered national models, California's overall policy dilemmas remain unaddressed. Some outside the policy community are working hard to change that. Retired accrediting officials Steve Weiner and David Wolf started the Campaign for College Opportunity, which seeks to highlight the state's need for a plan to educate the next generation of Californians. The campaign has built a broad-based coalition. Another organization that came into being, the California EDGE

Campaign (Education, Diversity and Growth in the Economy), focuses on ensuring access to postsecondary education and training that prepares Californians for career-path employment. Though these groups have brought new attention to the educational needs of the state—and deserve some credit for the growing public awareness—it is far too early to know whether that awareness will be sufficient to translate into a coherent set of policies.

Conclusion

In early 2008, observers were closely watching two developments for insights into California higher education's future: the vacancies at UC and the California Community Colleges, and the state's projected (and growing) budget deficit of \$15 billion.

In March, the UC Regents named Mark Yudof the first outsider to run the university in more than a century. Yudof, who has headed the University of Texas system for the last six years, was brought in after UC had been pummeled by bad press and legislative scrutiny. Though issues of executive pay were the focus, the regents and the accrediting commission had concluded that the less seductive issue of bureaucratic bloat at UC's Oakland headquarters was threatening to undermine the system's overall effectiveness. Yudof's experience and mindset were considered right for the assignment of restructuring, even though his compensation package of more than \$800,000 (nearly double his predecessor's) was raising the very same eyebrows as the university's previous questionable executive pay practices.

As bureaucratic accretion troubled UC's leaders, bureaucratic starvation at the community college chancellor's office accentuated the difficulty of recruiting a strong leader there. The small staff and lack of authority—not to mention the low salary—were widely understood to have contributed to Drummond's decision to return to the Los Angeles district.

The weakness at the chancellor's office was at once a product of the system's historic belief in local autonomy as well as the state's placing a low priority on community colleges and their students.

Ultimately, the colleges were successful in recruiting Jack Scott, a former community college president and powerful chair of the state Senate Education Committee, to take on the job after becoming termed out at the end of 2008. Community college advocates expect the choice to help boost the profile of community colleges in California. But at the age of 74, Scott is not expected to have a long tenure, which has raised some doubts about his ability to tackle the system's series of challenges.

How higher education manages to simultaneously transition to new leaders and leaner budgets could be a strong indicator of whether California is poised to develop a serious policy agenda for higher education.

An initial sign may have come with the defeat of Proposition 92. Despite its failure, the ballot initiative nevertheless helped highlight the important role of community colleges in the education pipeline and the challenges they face. Within days of the initiative's defeat, Reed, a vocal opponent, extended an olive branch by coordinating a joint advocacy effort for the three higher education segments. With the acting heads of UC and the community colleges, he met with news organizations around the state to advocate for increasing resources for higher education. "America has to get away from this Reaganomics. My theory is that if you're sick, you've got to take a little bit of medicine to get better," he said in one of his standard lines. "It might not taste good, but if you want to get well, you've got to have a combination of budget reductions and revenue increases."

While Reed predicted that the legislature would ultimately adopt, with the governor's blessing, some type of tax increase, analysts were increasingly convinced that only a combination of revenues and reforms would help move California out of its higher education conundrum. As for reforms, indications were strong that 2008 could usher in some medicine for higher education via a new era of accountability: Both Reed at Cal State and Yudof in Texas had led their institutions to participate in a voluntary accountability system, and Scott had spent several years shepherding accountability legislation that he hoped to pass before becoming chancellor.

"People are just beginning to wake up," said Reed. "The general public, policymakers, legislators, everybody has realized in the last couple of years that if California is going to continue to have the sixth or seventh largest economy in the world, if California is going to continue to have per capita income that it has had in the past ten or 15 years, if Californians are going to have a quality of life, then they're going to have to depend on what I call a new workforce. California's economic future, its cultural and community future, is tied to how well-educated its citizens are going to be.

"Can California continue to reinvent itself every decade or so?" Reed asked. "Higher education has always played a role in every decade that that has happened." ♦

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As higher education has become increasingly necessary for anyone wishing to pursue career-path employment, the community college system has become more and more important.