May 14, 2009

The Honorable Arnold Schwarzenegger
Governor of the State of California
State Capitol
Sacramento, CA 95814

The Honorable Karen Bass
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Darrell Steinberg
Senate pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Dennis Hollingsworth
Senate Minority Floor Leader
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Michael Villines
Assembly Minority Floor Leader
State Capitol, Room 3104
Sacramento, CA 95814

RE: California State University General Enrollment Goal and Nursing Enrollments

The Legislature included language in the 2008-09 Budget Act directing the California State University to provide a preliminary report by March 15, 2009, on whether it has met its 2008-09 academic year enrollment goal. A final report is due May 1, 2009. (Provision 6 of Item 6610-001-0001 of the 2008-09 Budget Act.) The Legislature also included language in the budget act directing the CSU to report by May 1
on specified nursing enrollments. (Provision 7 of the same budget act item.) The enclosed is a consolidated report addressing both of these enrollment-related provisions.

Should you have any questions, please do not hesitate to contact Robert Turnage, Assistant Vice Chancellor for Budget, at (562)951-4560 or by email at rtturnage@calstate.edu.

Sincerely,

[Signature]

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

Enclosure

BFQ: db

c: Please see the following page for persons copied on this report
General Enrollment Goal
and Nursing Enrollment Report
May 14, 2009
Page 2

c: Gregory Schmidt, Secretary of the Senate
   E. Dotson Wilson, Chief Clerk
   Glen W. Thomas, Secretary of Education
   Senator Denise Moreno Ducheny, Chair, Committee on Budget and Fiscal Review
   Senator Bob Dutton, Vice Chair, Committee on Budget and Fiscal Review
   Assembly Member Noreen Evans, Chair, Budget Committee
   Assembly Member Roger Niello, Vice Chair, Budget Committee
   Senator Gloria Romero, Education Committee
   Senator Bob Huff, Education Committee
   Assembly Member Anthony Portantino, Chair, Higher Education Committee
   Assembly Member Connie Conway, Vice Chair, Higher Education Committee
   Assembly Member Wilmer Amina Carter, Chair, Budget Subcommittee on Education Finance
   Mac Taylor, Legislative Analyst
   Michael Genest, Director, Department of Finance
   Diane Boyer-Vine, Legislative Counsel
   Charles B. Reed, Chancellor, The California State University
   Gary Reichard, Executive Vice Chancellor and Chief Academic Officer
   Garrett Ashley, Vice Chancellor, University Relations and Advancement
   Robert Turnage, Assistant Vice Chancellor for Budget
   Karen Yelverton-Zamarripa, Assistant Vice Chancellor, Advocacy and Institutional Relations
   Beverly Young, Assistant Vice Chancellor, Academic Affairs
California State University
Final Reports to Legislature and Governor on Meeting 2008-09 General Enrollment Goal and on Nursing Enrollments
May 2009

The Legislature included language in the 2008-09 Budget Act directing the California State University to provide a preliminary report by March 15, 2009, on whether it has met its 2008-09 academic year enrollment goal. A final report is due May 1, 2009. (Provision 6 of Item 6610-001-0001 of the 2008-09 Budget Act.) The Legislature also included language in the Budget Act directing the CSU to report by May 1st on specified nursing enrollments. (Provision 7 of the same Budget Act item.) This is a consolidated report addressing both of these enrollment-related provisions.

Meeting 2008-09 Enrollment Goal

We understand that the general enrollment goal that is the focus of the legislative language is the full-time equivalent student (FTES) enrollment of California residents, as it is this enrollment that the state funds through the Budget Act. The CSU seeks to admit and serve all CSU-eligible California residents who apply to CSU campuses. At the same time the CSU seeks to maintain a high quality of instructional programs and student services as well as assure that students are able to move in a timely way to degree. These objectives require that the CSU operate within resource constraints and try to keep actual enrollment levels in reasonable alignment with funded enrollment levels. For the 2008-09 academic year, the CSU’s enrollment goal was to begin this process of realignment. The CSU’s recent enrollment growth experience provides some useful context.

The state provided funding for 2.5 percent annual enrollment growth during the three fiscal years 2005-06 through 2007-08. Nevertheless, enrollment demand during that period outpaced enrollment growth funding. While the state funded 342,893 California resident FTES in 2007-08, CSU campuses served 353,915 California resident FTES. This means that, through various short-term measures, CSU campuses served 11,022 FTES for whom no state funds were provided. This number was equivalent to enrollment growth of 3.2 percent.

The gap between students served and students funded is not sustainable. When it became apparent, with the introduction of the Governor’s 2008-09 budget proposal in January 2008, that there was little likelihood that the state would fund enrollment growth, the Chancellor instructed campuses to close Fall 2008 application deadlines no later than March 1st. This early closure was intended to help manage enrollment levels closer to funded targets. Nevertheless, some enrollment growth would inevitably occur in Fall 2008 due to the momentum of recent enrollment growth. For example, the record-high freshman class admitted during 2007-08 effectively ensured that the number of continuing students would rise in 2008-09. Moreover, other factors, such as average unit loads taken by students, can mitigate the potential impact of the shortened application “windows.”
In fact, average unit load for California resident students increased from 12.39 units in Fall 2007 to 12.47 units in Fall 2008, and increased from 12.33 units in Spring 2008 to 12.44 units in Spring 2009. These seemingly small changes in average unit load have significant effects on FTES numbers given the system’s large headcount enrollments.

For all of the reasons noted above, the CSU’s California resident enrollment in Fall 2008 exceeded enrollment for Fall 2007 by 4,578 Fall Term FTES. However, one indication that initial enrollment management efforts were taking hold is the fact that new student headcount for Fall 2008 was almost 5,700 students below Fall 2007, a decline of nearly five percent. As expected, given the record number of students in the prior year and the pressures of the economy, the number of continuing and returning students (headcount) grew from Fall 2007 to Fall 2008 by almost 8,600 individuals. Moreover, CSU students enrolled for more units, causing Fall Term FTES to increase at a faster rate than headcount.

Enrollment management steps for spring have had a significant degree of success, despite the new difficulties presented by the economy’s recent severe decline (as explained further below). There was almost no growth in headcount enrollment between Spring 2008 and Spring 2009 (only 287 students or a minuscule 0.07 percent). Term FTES grew by 0.9 percent, spring to spring, due almost entirely to increased unit loads taken by students. Thus, considering all terms in the college year, California resident FTES grew by 0.8 percent in 2008-09. This is a significant change in the nearly four percent annual trajectory that was experienced in actual FTES growth in the two prior college years.

This change in enrollment growth is all the more noteworthy given the fact that economic recessions create upward pressure on FTES at institutions like CSU. These continuing external forces have the power to overwhelm enrollment management actions taken by campuses. In this economic crisis, campuses have difficulty accurately projecting the number of students who will accept admission, and of those, how many will enroll. During economic recessions and high unemployment, students respond less predictably. While campuses have years of admission, acceptance, and matriculation data that have enabled them to develop formulae that project with relative accuracy the number of applicants who need to be admitted in order to meet the campus’ enrollment target, these formulae become less reliable due to the following student behavioral changes:

- Students already enrolled in college stay longer;
- Those who continue their enrollment typically enroll in more units of college-level work;
- Students who have stopped out of college return to school because of the absence of jobs in the workforce; and
- Students nearing degree completion stay to pick up additional skills (technology and foreign language.)
We have reported on this during previous recessions and budgetary cutbacks. Unlike other economic recessions, however, more middle- and upper-middle class Californians have been affected than ever before, and some are making choices to commute to public colleges and universities, which is less costly than private and residential public universities. The hypothesis in our January report to the legislature that it was plausible that the CSU could end 2008-09 with slightly less than a one-percent growth over 2007-08 is, in fact, what has occurred.

In November 2008 the Chancellor declared that the CSU, as a system, is “impacted” with regard to enrollments. This unprecedented step, intended to preserve the quality of CSU’s educational programs and services to students, gives a full range of enrollment management “tools” to all CSU campuses. (In the past individual campuses or individual programs at a campus have been declared impacted and therefore eligible to use these enrollment management tools.) Under impaction, campuses will be allowed to use supplemental admissions criteria such as grade point average for applicants from outside the campus’ local service area. In addition, several categories of admission will be strictly restricted, including second-bachelor degree candidates and unclassified postbaccalaureate applicants. We anticipate that implementation of systemwide impaction will enable campuses to manage enrollments as close as possible to their funded targets in 2009-10.

Nursing Enrollments

Provision 7 of Item 6610-001-0001 of the 2008-09 Budget Act directs the CSU to report to the Legislature and Governor on the total enrollment in the 2007-08 and 2008-09 academic years in the baccalaureate nursing degree and entry-level master’s nursing degree programs. These data are provided in the table below.

### Nursing Enrollments
(In FTES)

<table>
<thead>
<tr>
<th>California State University</th>
<th>2005-06</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>BS Nursing</td>
<td>4,190.0</td>
<td>4,355.7</td>
<td>5,185.6</td>
<td>5,828.6</td>
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<tr>
<td>Masters Traditional</td>
<td>1,006.5</td>
<td>919.4</td>
<td>928.6</td>
<td>1,016.2</td>
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<tr>
<td>Entry Level Masters</td>
<td>N.A.</td>
<td>554.1</td>
<td>730.6</td>
<td>748.9</td>
</tr>
<tr>
<td>All Masters</td>
<td>1,006.5</td>
<td>1,473.5</td>
<td>1,659.2</td>
<td>1,765.1</td>
</tr>
</tbody>
</table>