

The Civil Rights Project



Proyecto Derechos Civiles

June 28, 2011

Statement on the California Budget Crisis and College Opportunity

Tiny Tax Cut for Most Californians Equals Huge and Hidden Tax on California's College Students

As the deadline for a new budget rapidly approaches with the next fiscal year beginning at the end of this week, critical decisions about California's economy and the future of its youth hang in the balance. While legislators consider a budget with reduced revenue sources that further hobbles higher education in the state, the perception is that taxes are not being raised. But this is false. Taxes *are* being raised – on the youth of this state. Recent reports issued by the CRP¹ show the consequences of budget cuts fall disproportionately on youth of color – the new majority in California. After the last round of cuts, up to 20% of college students polled in our studies indicated that they were considering abandoning higher education because they simply could not afford it any longer, and could no longer take the time out of the labor force while they waited to access the over-enrolled classes they need to graduate.

Existing and proposed cuts to higher education are nothing less than an intergenerational betrayal of California's promise. The generation that voted itself huge tax cuts over the last few decades is now transferring the costs of the resulting fiscal crisis to the young in a way that will severely damage the state's future. The latest proposals would save a few cents a day per family in exchange for bankrupting the future of California's next generation.

We believe that the budget decisions are being framed in an intentionally misleading way. Cuts to higher education will actually harm rather than help the future fiscal situation of the state. A new Brookings Institution Report shows that the "average college graduate earns roughly \$570,000 more than the average person with a high school diploma only" during his or her lifetime. Even before all the cuts to higher education, California was estimated to be a million college graduates short of meeting its future labor market needs. This would represent a loss of \$570 billion in income generated and many billions in tax revenue, in addition to all the other advantages that come with higher education such as better health, longer lasting marriages, and stronger communities with more competitive economies.

Our recently-concluded research shows that in the present economic climate families are providing less support for their college students, many students are taking on so much work (when they can find it) that they are damaging their education, and the lack of courses is resulting in at least an additional year to complete degrees. CSU students are paying an additional 15% in 2011 to deal with the cuts already approved, and will face another big increase under the next

¹ The CSU Crisis and California's Future, 2011; Expanding Opportunity in Higher Education, SUNY Press, 2006

year's plan due to the absolute unwillingness of a minority of the legislature to allow a temporary continuation of the small tax increases enacted two years ago. At UC, a "state" institution that is no longer primarily supported by the state, students face another 8% increase after last year's 32% increase. Four of ten UC students come from families with incomes of less than \$50,000 annually.

California cannot afford to further foreclose college opportunity to low-income youth and continue to believe that its future can be bright. The future economy of California depends to a very large degree on the state's ability to generate *more* graduates. Resolving the budget crisis by excluding students from college, preventing them from graduating on time by cutting courses, and heavily taxing them through soaring tuition is unfair to this generation and will do deep and lasting harm to our state.

CRP recently concluded the release of a series of reports on the impact of the budget cuts on the CSUs at a widely attended briefing in Sacramento on June 15, 2011. More information about the briefing and series, THE CSU CRISIS AND CALIFORNIA'S FUTURE, can be found at: <http://civilrightsproject.ucla.edu/research/college-access/diversity/the-csu-crisi-and-californias-future-a-note-on-the-series>

A podcast of the policy briefing can be found at: <http://www.stanford.edu/group/pace/cgi-bin/wordpress/2453>

A video webcast is available at the California Channel: <http://www.calchannel.com/channel/viewVideo/2681>

The full 191-page report is available at: <http://civilrightsproject.ucla.edu/research/college-access/diversity/the-csu-crisis-and-californias-future-authors-and-abstracts>

About the Civil Rights Project

Founded in 1996 by former Harvard professors Gary Orfield and Christopher Edley Jr., the Civil Rights Project/Proyecto Derechos Civiles (CRP) is now co-directed by Orfield and Patricia Gándara, professors at UCLA. The CRP's mission is to create a new generation of research in social science and law on the critical issues of civil rights and equal opportunity for racial and ethnic groups in the United States. It has commissioned more than 400 studies, published 13 books and issued numerous reports from authors at universities and research centers across the country. The Supreme Court, in its 2003 *Grutter v. Bollinger* decision, cited the Civil Rights Project's research.

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