

HIGHER EDUCATION

Higher Education includes the University of California (UC), the California State University (CSU), the Community Colleges (CCC), the California Student Aid Commission (CSAC) and several other entities.

The May Revision includes total funding of \$22.7 billion (\$12.7 billion General Fund and \$10 billion other funds) for all programs included in these agencies.

In addition to the changes discussed in this chapter, the May Revision includes proposals to reduce state operations and achieve statewide efficiencies. Please see the Reducing State Government chapter for the details of the Governor's proposal.

HIGHER EDUCATION SEGMENTS AND PROGRAMS

Drawing from the top 12.5 percent of the state's high school graduates, UC educates approximately 228,000 undergraduate and graduate students at its ten campuses and is the primary segment authorized to independently award doctoral degrees and professional degrees in law, medicine, dentistry, and veterinary medicine. Drawing students from the top one-third of the state's high school graduates, CSU educates about 430,000 undergraduate and graduate students at 23 campuses and independently awards doctoral degrees in education or jointly with UC or private institutions in other fields of study. Affiliated with the UC, the Hastings College of the Law (HCL) is the oldest and one of the largest public law schools in the West, providing instruction to approximately 1,300 students annually. The CCCs serve more than 2.7 million students

at 112 colleges by providing basic skills education, workforce training, and transfer courses that allow students to transfer to four-year institutions. The CSAC administers state financial aid to students attending all segments of public and private postsecondary education through a variety of programs including the Cal Grant program, loan assumption programs, and others. Over 218,000 students received Cal Grant awards in 2009-10.

RECENTLY ADOPTED SOLUTIONS

The Legislature approved the following major solutions in March. They were either signed into law by the Governor or are in pending legislation.

- Targeted Reductions—A decrease of \$500 million each to UC and CSU, and a decrease of \$1.5 million to the HCL. The UC and CSU will be required to report on their recommended options for implementing these reductions in a way that minimizes tuition and enrollment impacts, based on input received from the stakeholders (including representatives of students and employees), prior to adoption of a final plan by the UC Board of Regents and the CSU Board of Trustees.
- Community College Apportionment Reduction—A decrease of \$400 million General Fund in apportionment funding as a result of implementing a base reduction. However, this base reduction is offset by \$110 million in additional student fee revenue as a result of increasing student fees from \$26 per unit to \$36 per unit. Therefore, the net apportionment reduction is \$290 million.
- Offset Cal Grants with Federal Temporary Assistance to Needy Families (TANF) Reimbursements—A decrease of \$171.9 million General Fund in 2011-12 to reflect TANF funds available through an interagency agreement with the Department of Social Services pursuant to CalWORKs adjustments and reductions. At the March Budget Conference Committee, the TANF offset of General Fund was \$285.3 million. (These adjustments are discussed in the Health and Human Services section.)
- Require Income and Need Verification for Cal Grant Program Renewal Awards—A decrease of \$100 million in 2011-12. This solution requires the CSAC to verify each year that Cal Grant renewal recipients not exceed income and asset ceiling levels as a requirement to remain program eligible.
- Establish a Student Loan Default Risk Index for Cal Grant Program Participation—A decrease of \$5.7 million in 2011-12. Any institution of higher education whose three-year student loan default rate exceeds certain levels is prohibited from

participating in the Cal Grant program for one academic year. In March, this solution was estimated to be \$19 million for 2011-12. However, this solution was based on inaccurate federal data. The updated savings estimate is \$5.7 million.

OTHER POLICY PROPOSALS AND MAJOR WORKLOAD ADJUSTMENTS

The May Revision includes the following significant policy proposals and workload adjustments:

- CCC Apportionment Adjustment—An increase of \$350 million Proposition 98 General Fund to restore CCC apportionment funding that had been deferred by Chapter 7, Statutes of 2011. This augmentation reduces the amount of apportionment funding deferred from \$961 million to \$611 million.
- CCC Property Tax Adjustments—An increase of \$57.8 million in 2010-11 and \$75.1 million in 2011-12 due to an increase in estimated local property tax and other local revenues.
- Eliminate Duplicative Audits to Achieve Efficiencies—The May Revision proposes trailer bill language to eliminate duplicative audits required biennially at each of the 23 campuses of the CSU, which the university estimates will save \$1.6 million annually.