

HIGHER EDUCATION

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

The Budget includes total funding of \$26.2 billion (\$14.7 billion General Fund and local property tax and \$11.5 billion other funds) for all programs included in these entities.

MULTI-YEAR STABLE FUNDING PLAN— UNIVERSITY OF CALIFORNIA AND CALIFORNIA STATE UNIVERSITY

The Budget continues the commitment to a multi-year stable funding plan for higher education.

- **Funding Stability**—The plan provides each segment up to a 20-percent increase in General Fund appropriations over a four-year period (2013-14 through 2016-17), representing about a 10-percent increase in total operating funds (including tuition and fee revenues). The Budget includes a 5-percent increase in 2014-15 for each university system (\$284 million total).
- **Affordability**—The plan assumes a freeze on UC and CSU resident tuition from 2013-14 through 2016-17 to avoid contributing to higher student debt and tuition levels.

HIGHER EDUCATION

- Student Success—The plan expects UC and CSU to decrease the time it takes students to complete a degree, increase the number of students who complete programs, and improve the rate of transfer of community college students to four-year colleges and universities.
- Innovation—In addition to efforts by UC, CSU, and CCC to meet student success goals, the Budget includes \$50 million to promote innovative models of higher education at the campus level that result in more bachelor's degrees, improved four-year completion rates, and more effective transfers between the community colleges and the universities.

The Budget also directs the universities to prepare three-year sustainability plans that set targets for key measures adopted in statute in 2013.

UNIVERSITY OF CALIFORNIA

Consisting of ten campuses, UC is the primary institution authorized to independently award doctoral degrees and professional degrees in law, medicine, business, dentistry, veterinary medicine, and other programs. The university manages one U.S. Department of Energy national laboratory, partners with private industry to manage two others, and operates five medical centers that support clinical teaching programs of UC's medical and health sciences schools that handle almost 4 million patient visits each year.

Significant Adjustments:

- General Fund Increase—The Budget includes an ongoing increase of \$142.2 million General Fund for the second installment of the multi-year funding plan. This funding is flexible and can be used by the university to meet its most pressing needs.
- Behavioral Health Centers of Excellence—One-time funding of \$15 million Proposition 63 funds to support the establishment of Behavioral Health Centers of Excellence at the Davis and Los Angeles campuses.
- Deferred Maintenance—As discussed in the Statewide Issues and Various Departments section, the Budget includes a trigger mechanism to provide up to \$50 million General Fund for deferred maintenance or other one-time priorities.
- One-time General Fund Increases—The Budget includes an additional \$2 million General Fund to support the UC Labor Centers and \$2 million General Fund for the Cal-BRAIN initiative.

CALIFORNIA STATE UNIVERSITY

The CSU provides undergraduate and graduate instruction through master's degrees and independently awards doctoral degrees in education, nursing practice, and physical therapy, or jointly with UC or private institutions in other fields of study. With 23 campuses, CSU is the largest and most diverse university system in the country. The CSU plays a critical role in preparing the workforce of California, awarding approximately 101,000 degrees in 2012-13; it grants more than one-half of the state's bachelor's degrees and one-third of the state's master's degrees. The CSU prepares more graduates in business, engineering, agriculture, communications, health, and public administration than any other institution of higher education. It also produces more than one-half of California's teachers.

Significant Adjustments:

- **General Fund Increase**—The Budget includes an ongoing increase of \$142.2 million General Fund for the second installment of the multi-year funding plan. This funding is flexible and can be used by the university to meet its most pressing needs.
- **Debt Service Costs**—Currently, the state separately funds general obligation and lease revenue debt service for CSU capital improvement projects. The Budget includes a shift of these appropriations into CSU's main appropriation to require CSU to factor these costs into the university's overall fiscal planning. Any new CSU capital expenditures will be subject to legislative review. Further, there are limits on the amount of CSU's budget that can be spent on capital expenditures.
- **Deferred Maintenance**—As discussed in the Statewide Issues and Various Departments section, the Budget includes a trigger mechanism to provide up to \$50 million General Fund for deferred maintenance or other one-time priorities.
- **Student Success Fees**—The Budget includes a moratorium on new student success fees at CSU institutions and directs the CSU Chancellor's Office to examine its fee policy.
- **Center for California Studies**—The Budget includes an increase of \$442,000 General Fund to support the Executive, Legislative, and Judicial Fellows programs at CSU's Center for California Studies.

CALIFORNIA COMMUNITY COLLEGES

The CCC are publicly supported local educational agencies that provide educational, vocational, and transfer programs to approximately 2.1 million students. The CCC is the largest system of higher education in the world, with 72 districts, 112 campuses, and 69 educational centers. By providing education, training, and services, CCC contribute to continuous workforce improvement and also provide remedial instruction for hundreds of thousands of adults across the state through basic skills courses and adult non-credit instruction.

Significant Adjustments:

- **Implementing Statewide Performance Strategies**—The Budget provides \$1.1 million non-Proposition 98 General Fund and nine positions for the Chancellor’s Office to develop leading indicators of student success and to monitor districts’ performance. Further, the Budget provides \$2.5 million Proposition 98 General Fund to provide local technical assistance to support implementation of effective practices across all districts, with a focus on underperforming districts.
- **Investing in Student Success**—The Budget provides \$170 million Proposition 98 General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes \$100 million to increase orientation, assessment, placement, counseling, and other education planning services for all matriculated students. It also targets \$70 million to close gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans. This funding will allow colleges to better coordinate delivery of existing categorical programs.
- **Apportionments**—The Budget includes an increase of \$140.4 million Proposition 98 General Fund for growth in general-purpose apportionments, which represents a 2.75-percent increase in enrollment. The Budget directs the Board of Governors to adopt a growth formula beginning in 2015-16 that gives first priority to districts identified as having the greatest unmet need in adequately serving their community’s higher educational needs. The Budget also includes \$47.3 million Proposition 98 General Fund for a statutory cost of living adjustment of 0.85 percent.

- Career Technical Education—The Budget includes \$50 million Proposition 98 General Fund to improve career technical education:
 - A one-time increase of \$50 million Proposition 98 General Fund to support the existing Economic and Workforce Development program at the CCC Chancellor’s Office. These funds provide resources for community colleges to develop, enhance, and expand career technical education programs that build upon existing regional capacity to better meet regional labor market demands.
 - Beginning in 2015-16, an increase in the funding rate for career development and college preparation non-credit courses (also known as CDCP or enhanced non-credit) to equal the rate provided for credit courses. Career development and college preparation non-credit courses offer flexibility for community colleges to design and deliver courses better suited for students pursuing career technical education. Community colleges will have a year to plan how best to take advantage of this new flexibility before the rates increase.
- Technology Infrastructure—The Budget includes \$6 million Proposition 98 General Fund, of which \$1.4 million is one-time and \$4.6 million is ongoing, to upgrade bandwidth and replace technology equipment at each community college. These investments support student success technology initiatives started in 2013-14, including electronic transcripts, electronic planning, incoming student evaluation, and the online education initiative.
- Disabled Student Programs and Services—The Budget includes \$30 million Proposition 98 General Fund to provide support services to students with disabilities.
- Eliminating Apportionment Deferrals—The Budget includes \$498 million Proposition 98 General Fund to buy down deferrals. Further, the Budget includes a trigger mechanism that will allow any additional funding resources attributable to the 2013-14 and 2014-15 fiscal years subsequent to the enactment of the Budget to be appropriated for the purpose of retiring the remaining \$94 million deferral balance.
- Mandates—The Budget includes \$49.5 million in one-time Proposition 98 General Fund to reimburse community colleges for the costs of state-mandated programs. These funds will make a significant down payment on outstanding mandate debt.
- Financial Stability for Apportionments—The Budget includes an increase of \$40.5 million in 2013-14 and \$37.8 million in 2014-15 in Proposition 98 General Fund by shifting a portion of revenues from former redevelopment agencies that are

scheduled to be received in the final months of the fiscal year to the following fiscal year. Proposition 98 General Fund will be used to backfill the difference between estimated total fiscal year redevelopment agency revenues and the amount the CCCs receive through April 15. This change will allow districts to have more certainty when preparing their fiscal plans.

- Investing in Deferred Maintenance and Instructional Equipment—The Budget includes a one-time increase of \$148 million Proposition 98 General Fund that colleges may use for deferred maintenance or instructional equipment purchases. These resources will allow districts to protect investments previously made in facilities, and improve students' experience by replenishing and investing in new instructional equipment.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers state financial aid to students attending all institutions of public and private postsecondary education through a variety of programs including the Cal Grant High School and Community College Transfer Entitlement programs, the Competitive Cal Grant program, and the Assumption Program of Loans for Education. More than 100,000 students received new Cal Grant awards, and more than 160,000 students received renewal awards in 2012-13. The Commission will also administer the Middle Class Scholarship program beginning in 2014-15.

Significant Adjustments:

- Cal Grant B Living Stipend Increase—The Budget includes \$30 million to fund an increase of the Cal Grant B Living Stipend from \$1,493 to \$1,648, an 11.9-percent increase.
- Private Institutions—The Budget includes \$9 million to reflect a delay to the scheduled decrease to Cal Grant awards for students attending private, non-profit and accredited for-profit institutions. The award will remain \$9,084 for the 2014-15 academic year and will decrease to \$8,056 beginning in the 2015-16 academic year.
- Middle Class Scholarship Implementation—The Budget includes \$107 million General Fund to begin implementation of the Middle Class Scholarship Program.
- Expand Cal Grant Renewal Award Eligibility—The Budget includes \$15.8 million General Fund in 2014-15 to allow students who have previously been denied a Cal Grant renewal award for financial reasons (their income rose above

eligibility levels) to reapply for the program no more than three academic years after receiving their original award (if their incomes fall below the income threshold in that timeframe).

- Cal Grant Program Growth—The Budget includes an increase of \$17.3 million General Fund in 2013-14 and \$143.3 million General Fund in 2014-15 to reflect revised participation estimates in the Cal Grant program.
- Offset Cal Grant Costs with Federal Temporary Assistance for Needy Families (TANF) Reimbursements—The Budget offsets \$377.4 million of Cal Grant General Fund costs with TANF.

CALIFORNIA STATE LIBRARY

Since 1850, the California State Library has promoted innovative library services statewide, ensuring that all Californians have access via their local libraries to information and educational resources.

Significant Adjustments:

- High-Speed Internet Access—The Budget includes \$3.3 million General Fund to provide public libraries access to high-speed Internet to better meet the demands of today's library patrons. This includes \$2.3 million to allow California's public library branches to access a statewide, high-speed Internet network, and \$1 million General Fund on a one-time basis for grants to public libraries that require equipment upgrades to connect to a high-speed network.
- One-time Local Assistance Funding—The Budget includes \$3 million General Fund for local library programs, including \$1 million for literacy programs.

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