

HIGHER EDUCATION

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

The Budget includes total funding of \$29.2 billion (\$16.6 billion General Fund and local property tax and \$12.6 billion other funds) for all programs included in these entities.

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 system is the largest system of higher education in the world, with 72 districts, 112 campuses, and 72 educational centers. By providing education, training, and services, the 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. The CCC also provide students a lower-cost alternative through the transfer pathway to obtain a four-year degree.

Significant Adjustments:

- Investing in Student Success—The Budget provides an increase of \$185 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. It also targets \$85 million to close gaps in access and achievement between underrepresented student groups and their peers, as identified in local student equity plans. To provide additional support to current and former foster youth, the Budget specifies that up to \$15 million of these funds shall be used to implement Chapter 771, Statutes of 2014 (SB 1023). This legislation specifies additional services for foster youth already participating in Extended Opportunity Programs and Services at up to ten community colleges.

- **Increased Operating Expenses**—The Budget provides an additional \$266.7 million Proposition 98 General Fund to increase base allocation funding in recognition of increased community college operating expenses in the areas of facilities, retirement benefits, professional development, converting part-time faculty to full-time, and other general expenses.
- **Apportionments**—The Budget provides an increase of \$156.5 million Proposition 98 General Fund for growth in general-purpose apportionments, which represents a 3-percent increase in full-time equivalent enrollment. The 2014 Budget directed the Board of Governors to adopt a growth formula that gives first priority to districts identified as having the greatest unmet need in adequately serving their communities' higher educational needs. The new growth formula begins this year. The Budget also provides an increase of \$61 million Proposition 98 General Fund for a cost-of-living adjustment of 1.02 percent.
- **Full-Time Faculty**—The Budget provides \$62.3 million Proposition 98 General Fund to increase the number of full-time faculty within each community college district. Funding is allocated based on full-time equivalent enrollment to all community college districts, but community college districts with relatively low proportions of full-time faculty will be required to increase their full-time faculty more than districts with relatively high proportions of full-time faculty. In total, it is expected that approximately 670 full-time faculty positions will be created by this proposal.
- **Basic Skills and Student Outcomes Transformation Program**—The Budget provides \$60 million Proposition 98 General Fund to assist community colleges in improving delivery of basic skills instruction by adopting or expanding the use of evidence-based models of placement, remediation, and student support that accelerate the progress of underprepared students toward achieving postsecondary educational and career goals.

- Basic Skills Partnership Pilot Program—The Budget provides \$10 million Proposition 98 General Fund for a pilot program to provide incentives to community college districts, the CSU, and high schools to coordinate their efforts to provide instruction in basic skills to incoming CSU students in an efficient and effective way.
- Adult Education Block Grant—The Budget provides \$500 million Proposition 98 General Fund to implement the Adult Education Block Grant as discussed in the K thru 12 Education Chapter.
- Apprenticeship Programs—The Budget provides an increase of \$29.1 million Proposition 98 General Fund for expansion of apprenticeship programs. This includes \$14.1 million to grow existing apprenticeship programs and \$15 million to create innovative apprenticeship demonstration projects that focus on new and emerging industries with unmet labor market demand.
- Career Technical Education—The Budget provides \$48 million one-time Proposition 98 General Fund to support the Career Technical Education Pathways Program at the 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 meet regional labor market demands.
- Enhanced Non-Credit Rate Change—The Budget provides \$49.5 million Proposition 98 General Fund to reflect an increase adopted with the 2014 Budget 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. The lower funding rate, along with the higher cost of career technical education, serve as barriers to many community colleges offering career development and college preparation instruction in a manner that best supports student success.
- Implementing Statewide Performance Strategies—The Budget provides \$15 million Proposition 98 General Fund to implement strategies to improve college performance in student success and outcomes. Of this amount, \$3 million will provide local technical assistance to support the implementation of effective practices across all districts. The additional \$12 million will be utilized to develop and disseminate effective professional, administrative, and educational practices, including the specific development of curriculum and practices for members of the California Conservation Corps, and for incarcerated and formerly incarcerated adults.

HIGHER EDUCATION

- Cal Grant B Access Awards for Community Colleges—The Budget provides \$39 million Proposition 98 General Fund to augment Cal Grant B Access Awards for community college students taking 12 or more units. These funds will assist community college students with their living costs. The Budget also provides \$3 million one-time Proposition 98 General Fund for community college districts to establish administrative procedures for distributing these supplemental awards.
- Baccalaureate Degree Pilot Program—The Budget provides \$6 million one-time Proposition 98 General Fund to support districts' start-up costs for the implementation of the Baccalaureate Degree Pilot Program established by Chapter 747, Statutes of 2014 (SB 850).
- Extended Opportunity Programs and Services—The Budget provides \$33.7 million Proposition 98 General Fund to provide support services to disadvantaged students.
- Deferred Maintenance and Instructional Equipment—The Budget provides \$148 million one-time Proposition 98 General Fund that colleges can use for deferred maintenance, instructional equipment, and specified water conservation projects. Community colleges will not need to provide matching funds for deferred maintenance in 2015-16. These resources will allow districts to protect investments previously made in facilities, and to improve students' experience by replenishing and investing in new instructional equipment.
- Mandate Backlog Payments—The Budget provides \$604 million Proposition 98 General Fund to continue paying down outstanding mandate claims by community colleges. These payments will further reduce outstanding mandate debt, while providing community colleges with one-time resources to address various one-time needs, such as curricula redesign and start-up costs for new career technical education programs.
- Categorical Program Cost-of-Living Adjustment—The Budget allocates \$2.5 million Proposition 98 General Fund to provide a 1.02-percent cost-of-living adjustment for the Disabled Student Programs and Services program, the Extended Opportunities Programs and Services program, the Special Services for CalWORKs Recipients program, and the Child Care Tax Bailout program.
- Eliminating Apportionment Deferrals—The Budget provides \$94.5 million Proposition 98 General Fund to eliminate deferrals consistent with the revenue trigger included in the 2014 Budget. Inter-year Community College deferrals had reached a high of \$961 million in the 2011-12 fiscal year.

CALIFORNIA STATE UNIVERSITY

With 23 campuses, CSU is the largest and most diverse university system in the country, providing undergraduate instruction, graduate instruction through master's degrees, and doctoral degrees in some fields of study. The CSU plays a critical role in preparing the workforce of California; awarding more than 103,000 degrees in 2013-14, 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 awards more degrees in business, engineering, agriculture, communications, health, and public administration than any other California institution of higher education. More than 50 percent of California's teachers graduated from CSU.

Significant Adjustments:

- **General Fund Increase**—The Budget includes an ongoing increase of \$216.5 million General Fund. It is expected the university will use these funds to increase enrollment by 10,400, increase the number of full-time faculty, and make significant progress towards improving time-to-degree and graduation rates.
- **Basic Skills Partnership Pilot**—As discussed in the California Community Colleges section, the Budget includes a pilot program to offer basic skills education to incoming CSU students who need remediation through community colleges. As more of this instructional workload is handled through the community colleges, CSU can redirect resources to continuing improvements on time-to-degree.

UNIVERSITY OF CALIFORNIA

Consisting of 10 campuses, the University of California is the primary institution authorized to independently award doctoral degrees and professional degrees. The UC educates approximately 249,000 undergraduate and graduate students.

Significant Adjustments:

- **Funding Agreement**—The Budget endorses the agreement reached by the Governor and the UC President announced at the May Revision. This includes annual 4-percent increases in General Fund support, amounting to \$119.5 million in 2015-16, along with \$96 million in one-time Proposition 2 funds to pay down the unfunded liability associated with the University's retirement system. As part of the agreement, UC has made commitments in the following areas:
 - **Tuition**—Hold tuition flat in 2015-16 and 2016-17.

HIGHER EDUCATION

- Community College Transfer—Articulate systemwide pathways for transfer to UC and increase transfer enrollment to achieve a two-to-one ratio of new freshmen to transfer students.
- Time-to-Degree—Develop pathways for students to graduate within three years, pilot alternative pricing models for summer session, and review policies related to credit for prior learning.
- Use of Technology and Data—Pilot activity-based costing, predictive analytics, and adaptive learning at its campuses.
- Long-Term Liabilities—Implement a retirement program that caps pensionable compensation consistent with the Public Employees Pension Reform Act of 2013 (PEPRA).
- The Budget includes a provision to allow an augmentation of \$25 million General Fund if the University can demonstrate it will increase resident undergraduate enrollment by 5,000 students by the 2016-17 academic year as compared to the 2014-15 academic year.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers state financial aid to students attending 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 Middle Class Scholarship Program. More than 125,000 students received new Cal Grant awards, and more than 170,000 students received renewal awards in 2013-14.

Significant Adjustments:

- Competitive Awards—The Budget includes \$8 million (growing to \$23.4 million by 2018-19) to provide an additional 3,250 competitive Cal Grant awards, bringing the total number of awards to 25,750.
- Private Institutions—The Budget includes \$9 million to reflect a delay in the scheduled decrease to Cal Grant awards for students attending private, non-profit and accredited for-profit institutions. Each award will remain \$9,084 for the 2015-16 and 2016-17 academic years and will decrease to \$8,056 beginning in the 2017-18 academic year.

- Middle Class Scholarship Reform—The Budget includes savings of \$70 million by aligning eligibility and participation expectations for the Middle Class Scholarship Program more closely with the Cal Grant program by adding an asset cap of \$150,000, and limiting participation to four years.

CALIFORNIA STATE LIBRARY

Since 1850, the California State Library has promoted innovative library services statewide.

Significant Adjustments:

- Literacy Program—The Budget includes \$2 million General Fund for the Literacy and English Acquisition Services Program. It is expected that literacy programs funded with these resources will be coordinated with the adult education consortia in the K-14 education system.
- Broadband Project—The Budget includes \$4.2 million General Fund for the California Public Library Broadband Project, including \$4 million on a one-time basis for grants to public libraries to upgrade broadband equipment and \$225,000 General Fund for continued administration of contracts for broadband services.
- Online High School—The Budget includes \$1 million on a one-time basis to pilot an online high school diploma program.
- Library Preservation Activities—An increase of \$521,000 General Fund to improve the library's efforts to preserve historical items in its possession, including \$181,000 ongoing for two additional positions and \$340,000 on a one-time basis for equipment.