

## HIGHER EDUCATION

The 2017 Budget Act makes additional resources available to the state’s public higher education segments—the California Community Colleges (CCC), the California State University (CSU), and the University of California (UC). The Budget maintains the state’s commitment to financial aid to help students defray the costs of attending college. The Budget furthers the expectation that higher education leaders ensure their institutions are “student-ready.” Colleges and universities must smooth the transition between K-12 and higher education to move more students into college-level courses faster, integrate technology in new ways to improve learning, and redesign curriculum to create seamless pathways to degrees and credentials.

The Budget includes total funding of \$32.5 billion (\$17.7 billion General Fund and local property tax and \$14.8 billion other funds) for all higher education entities in 2017-18.

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### STUDENT SUCCESS

The Budget includes \$150 million one-time Proposition 98 General Fund for community colleges to develop and implement “guided pathways” programs. Guided pathways programs are an integrated, institution-wide approach focused on student success. These programs include organizing students’ academic choices in a way that promotes better course-taking decisions. Once implemented, guided pathways programs will also serve as a framework for colleges to better organize existing student support programs and strategically use existing funding to support student success.

The Budget also includes \$12.5 million one-time General Fund to support the CSU Graduation Initiative. This initiative aims to raise four-year graduation rates for freshmen to 40 percent and two-year rates for transfer students to 45 percent and to close achievement gaps for low-income students, first-generation students, and students from underrepresented groups.

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### **AFFORDABILITY**

The Budget includes \$25 million Proposition 98 General Fund for a new CCC Completion Grant Program to provide grants of up to \$2,000 to community college students who demonstrate financial need, enroll in 15 or more credit units per semester, complete an educational plan, and meet other criteria. The grant is intended to encourage eligible students to complete their educational programs by providing them with additional financial aid to help offset the total costs of community college attendance. Additionally, the Budget augments the Full-Time Student Success Grant by \$25 million Proposition 98 General Fund, increasing the grant amount from \$300 to \$500 per semester for students who take 12 or more units each semester.

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### **TECHNOLOGY**

The state's colleges and universities are expanding the number of online courses offered to students, using technology in new ways to support students taking online courses, and articulating courses across colleges to make it easier for students to apply the courses to graduation.

To further support the online education infrastructure at the community colleges, the Budget includes \$10 million Proposition 98 General Fund to provide all colleges with access to the Online Education Initiative's learning management system. This software allows instructors to post instructional materials and assignments, and provides students with access to online courses and supports, including online tutoring.

The Budget also includes an increase of \$6 million one-time Proposition 98 General Fund to facilitate the development of an integrated library system for the community colleges. Once operational, a system-wide integrated library system will allow community college students access to a cloud-based library and allow libraries to better coordinate acquisitions and share materials.

Finally, the Budget includes \$3 million Proposition 98 General Fund to make educational materials more publicly available, including at schools and libraries. The State Librarian will coordinate a process to select and develop these new resources.

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## **SIGNIFICANT ADJUSTMENTS**

The following are significant adjustments proposed in the Budget.

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### **CALIFORNIA COMMUNITY COLLEGES**

- Apportionments—An increase of \$382 million Proposition 98 General Fund, which includes the following:
  - An increase of \$183.6 million Proposition 98 General Fund to support increased community college operating expenses in areas such as employee benefits, facilities, professional development, converting faculty from part-time to full-time, and other general expenses.
  - An increase of \$97.6 million Proposition 98 General Fund for a 1.56-percent cost-of-living adjustment.
  - An increase of \$76 million Proposition 98 General Fund to reflect the amounts earned back by community college districts that declined in enrollment during the previous three years.
  - An increase of \$57.8 million Proposition 98 General Fund for enrollment growth of 1-percent.
  - A decrease of \$33 million Proposition 98 General Fund to reflect unused growth provided in 2015-16.
- Guided Pathways Grant Program—An increase of \$150 million one-time Proposition 98 General Fund and settle-up for grants to community colleges to develop an integrated, institution-wide approach to student success.
- Chancellor’s Office State Operations—\$618,000 General Fund and \$458,000 in reimbursement authority, for six new positions and funding for a second Deputy Chancellor, to support the Chancellor’s priorities to provide greater leadership and technical assistance to community colleges and improve student outcomes.

## HIGHER EDUCATION

- Financial Aid—An increase of \$50 million Proposition 98 General Fund to provide financial aid to community college students, which includes the following:
  - An increase of \$25 million Proposition 98 General Fund for the Community College Completion Grant to provide grants of up to \$2,000, to students who meet specified criteria.
  - An increase of \$25 million Proposition 98 General Fund to the Full-Time Student Success Grant.
- Innovation Awards—An increase of \$20 million one-time Proposition 98 General Fund to provide funding for the development and implementation of innovative practices.
- Compton Community College—An increase of \$11.3 million one-time Proposition 98 General Fund to the Compton Community College District for the transition of Compton Community College from a learning center back to a community college.
- Services for Veterans—An increase of \$10 million Proposition 98 General Fund (of which \$5 million is one-time) to develop and enhance veterans’ resource centers. Additionally, a one-time increase of \$2 million for allocation to Norco College to expand the capacity of its student veterans’ service center and establish articulation agreements, policies, and processes related to awarding course credit for prior military service.
- Online Education Initiative—An increase of \$10 million Proposition 98 General Fund to provide system-wide access to the Initiative’s learning management system.
- Integrated Library System—An increase of \$6 million one-time Proposition 98 General Fund to facilitate the development of an integrated library system that, once operational, will allow California community college students access to a cloud-based library system.
- Deferred Maintenance—An increase of \$76.9 million one-time Proposition 98 General Fund for deferred maintenance, instructional equipment, and specified water conservation projects.
- Community College Facilities—A total of \$16.9 million Proposition 51 bond funds for initial design activities for 15 community college facilities projects.

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**CALIFORNIA STATE UNIVERSITY**

- General Fund Augmentations—An increase of \$182.2 million ongoing, including a base augmentation of \$162.2 million proposed in the Governor’s Budget and an increase of \$20 million to support enrollment of an additional 2,487 full-time enrollment students in 2017-18 compared to the number enrolled in 2016-17.
- One-Time General Fund—One-time funds totaling \$20 million, including \$12.5 million for the Graduation Initiative, \$3 million for the CSU San Bernardino Palm Desert Campus, \$2.5 million to encourage campuses to become “hunger free campuses,” and \$2 million for equal employment opportunity programs.

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**UNIVERSITY OF CALIFORNIA**

- General Fund Augmentations—An increase of \$136.5 million ongoing, including a base augmentation of \$131.2 million proposed in the Governor’s Budget and an increase of \$5 million to support 500 additional graduate students in 2017-18.
- Cost Structure Commitments—A set-aside of \$50 million General Fund from the UC base augmentation. The release of this \$50 million is conditioned on certification by the Director of Finance that the UC has: 1) achieved commitments made in the agreement with the Governor related to activity-based costing and target enrollment of transfer students, 2) adopted recommendations made by the State Auditor to the UC Board of Regents and UC Office of the President, 3) eliminated certain benefits for UC senior managers, and 4) committed to disclose additional information as part of the annual budget process.
- Office of the President—A separate item of appropriation of \$348.8 million for the Office of the President, with a corresponding reduction in UC’s base funds, conditioned on the Office of the President certifying in writing to the Director of Finance that there will be no campus assessment for support of its operations in 2017-18 and that overall campus revenues will be greater in 2017-18 than in 2016-17.
- One-Time Funding—One-time funds totaling \$175.6 million, including \$169 million in Proposition 2 debt funds, which will be used for unfunded retirement liabilities; \$2 million General Fund for equal employment opportunity programs; \$2.5 million General Fund to encourage campuses to become “hunger free campuses;” \$2 million General Fund for grants to marine mammal stranding networks; and \$100,000 General Fund for grants for whale disentanglement activities.

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### CALIFORNIA STUDENT AID COMMISSION

- Cal Grant Program Costs—An increase of \$33.3 million General Fund in 2016-17 and \$12.9 million General Fund in 2017-18 to account for the following:
  - Temporary Assistance for Needy Families (TANF) Reimbursements—An increase of \$117.7 million in federal TANF reimbursements in 2017-18, which reduces the amount of General Fund used for program costs.
  - Participation Estimates—An increase of \$33.3 million General Fund in 2016-17 and \$71.6 million General Fund in 2017-18 to reflect an increase in the number of new recipients in 2016-17.
  - Tuition Award for CSU Students—An increase of \$28 million General Fund in 2017-18 to reflect the increase in maximum award amounts that correspond with the CSU Board of Trustees' approval of a tuition increase.
  - Tuition Award for UC Students—An increase of \$20.9 million General Fund in 2017-18 to reflect the increase in maximum award amounts that correspond with the UC Board of Regents' approval of a tuition increase.
  - Tuition Award for Students at Private Institutions—An increase of \$8 million General Fund in 2017-18 to maintain the maximum Cal Grant tuition award for new students attending private nonprofit institutions and private for-profit institutions accredited by Western Association of Schools and Colleges at \$9,084 for that year.
  - Cal Grant C Books and Supplies Award—An increase of \$1.7 million General Fund in 2017-18 to increase the Cal Grant C books and supplies award for students attending community colleges from \$547 to \$1,094.
  - Cal Grant B Access Award—An increase of \$447,000 College Access Tax Credit Fund for a supplement of \$24 for any student who receives a Cal Grant B access award.
- Middle Class Scholarship Program—A decrease of \$21 million General Fund, to reflect one-time savings, bringing the total appropriation to \$96 million General Fund in 2017-18. Approximately, 55,000 students are expected to receive a grant in the budget year.