

## HIGHER EDUCATION

**H**igher 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 Master Plan for Higher Education created a model for public education throughout the world. The segments must serve as leaders to keep the costs of higher education affordable for students and families. The Administration expects segments to continue to improve efficiencies and innovations, and ensure investments are student-centered to the benefit of current students and increased access for current and future Californians.

The May Revision includes total funding of \$29.1 billion (\$16.6 billion General Fund and local property tax and \$12.6 billion other funds) for all programs included in these entities.

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### **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 an economic alternative through the transfer pathway to obtain a four-year degree.

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The significant resources—\$619 million above the Governor’s Budget and \$1 billion over the 2014 Budget Act level—included in the May Revision for the CCC will enhance student success, including providing more support to students, increasing full-time faculty, and identifying, developing, and expanding the use of effective practices.

### Significant Adjustments:

- **Apportionments**—An increase of \$60.3 million Proposition 98 General Fund in 2015-16 to reflect an increase in growth from 2 percent to 3 percent, the inclusion of enrollment restoration, and a reduction in the statutory cost-of-living adjustment from 1.58 percent to 1.02 percent. The May Revision provides \$259.4 million Proposition 98 General Fund, as follows:
  - \$156.5 million available for general apportionment growth;
  - \$61 million for a 1.02-percent cost-of-living adjustment; and
  - \$41.9 million to allow colleges to earn back enrollment funding for declines in enrollment over the past two years, as allowed in statute. This funding was inadvertently excluded from the Governor’s Budget.
- **Increased Operating Expenses**—An increase of \$141.7 million Proposition 98 General Fund, for a total of \$266.7 million, to reflect increased base allocation funding in recognition of increasing community college operating expenses in the areas of facilities, retirement benefits, professional development, converting faculty from part-time to full-time, and other general expenses.
- **Full-Time Faculty**—An increase of \$75 million Proposition 98 General Fund to increase the number of full-time faculty within each community college district. Funding would be 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 600 full-time faculty positions will be created by this proposal.
- **Basic Skills and Student Outcomes Transformation Program**—An increase of \$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—An increase of \$2 million Proposition 98 General Fund for a pilot program to provide incentives to community college districts and the CSU to coordinate their efforts to provide instruction in basic skills to incoming CSU students in an efficient and effective way.
- Investing in Student Success—An increase of \$15 million Proposition 98 General Fund to further close achievement gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans. Further, to provide additional support to foster youth, the May Revision proposes to implement Chapter 771, Statutes of 2014 (SB 1023). This legislation specifies additional services for foster youth already participating in the Extended Opportunity and Services program at up to ten community colleges.
- Implementing Statewide Performance Strategies—An increase of \$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 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 inmates to support the effective implementation of Chapter 695, Statutes of 2014 (SB 1391). Further, the May Revision proposes an increase of \$340,000 General Fund and six positions for the Chancellor’s Office to continue its district assistance to improve student success and outcomes, and to coordinate efforts to encourage adoption of effective practices at community colleges throughout California.
- Deferred Maintenance and Instructional Equipment—An increase of \$148 million one-time Proposition 98 General Fund that colleges can use to reduce their backlog of deferred maintenance or to purchase instructional equipment. 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—An increase of \$274.7 million one-time Proposition 98 General Fund, for a total of \$626 million, to continue paying down outstanding mandate claims by community colleges. These payments will be distributed on a per full-time equivalent student basis and will further reduce outstanding mandate debt, while providing community colleges with one-time resources to address various

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one-time needs, such as curricula redesign, start-up costs for new career technical educational programs, and other one-time costs.

- Categorical Program Cost-of-Living Adjustment—An increase of \$2.5 million Proposition 98 General Fund to provide a 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.
- Proposition 39—The California Clean Energy Jobs Act was approved by voters in 2012 and increases state corporate tax revenues. For 2013-14 through 2017-18, the measure requires half of the increased revenues, up to \$550 million per year, to be used to support energy efficiency projects. The May Revision decreases the amount of energy efficiency funds available to community colleges in 2015-16 by \$825,000 to \$38.7 million to reflect reduced revenue estimates.
- Local Property Tax Adjustment—A decrease of \$156.1 million Proposition 98 General Fund in 2015-16 as a result of increased offsetting local property tax revenues.
- Student Enrollment Fee Adjustment—An increase of \$7.4 million Proposition 98 General Fund as a result of decreased offsetting student enrollment fee revenues.
- Community College Mandates Block Grant—A decrease of \$691,000 Proposition 98 General Fund to align mandate block grant funding with the revised full-time equivalent students estimate.

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## 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.

Consistent with the Administration's plan reiterated in the Governor's Budget, the CSU has announced it will not increase systemwide tuition and fees in 2015-16.

The university's decision will preserve access by keeping a CSU education affordable for students.

Furthermore, at the CSU Trustees' March meeting, the Chancellor's Office reported on a number of initiatives already underway at CSU campuses to manage operations more efficiently and generate savings. These savings can be redirected toward higher priorities, consistent with the budget approved by the Trustees in November.

The Governor's Budget proposed \$119.5 million General Fund ongoing for CSU with similar 4-percent increases in future years, as well as \$25 million General Fund on a one-time basis for deferred maintenance at CSU campuses. The CSU has indicated that it would use the additional resources proposed in the Governor's Budget for the following:

- Fund existing obligations, such as increased costs for pensions and health benefits.
- Increase employee compensation systemwide by 2 percent.
- Support the costs of the enrollment of about 4,000 additional students.
- Address backlogs in critical maintenance and infrastructure.

In its annual performance report to the Governor and the Legislature, the CSU indicated that about 19 percent of students who enter as freshmen graduate within four years. The four-year rate for low-income students (12 percent) is about half that of their peers (24 percent), and that gap persists after six years, when 48 percent of low-income students will have graduated, compared to 59 percent for their peers. About half of CSU students transferred from the community colleges—an important role the CSU has embraced within California's higher education system. Nearly 30 percent of transfer students graduate within two years, and low-income transfer students graduate at close to the same rates as their peers.

Shortening the time it takes undergraduates to graduate and increasing the number who complete their degrees is critical for students and their families, and improves access for future students. The CSU chancellor has committed to addressing these challenges. The CSU's Graduation Initiative sets goals to be achieved by the year 2025, including a four-year graduation rate for freshman entrants of 24 percent and a two-year rate for transfer students of 35 percent. The CSU will report publicly on its progress toward these goals as it aims to meet or exceed these targets and timelines.

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### Significant Adjustments:

- **Base Adjustment**—An additional \$38 million General Fund ongoing for the CSU. With these additional resources, the Administration expects the University to:
  - Support efforts to improve student success at all of the campuses, as approved by the Trustees. Over the long term, reducing the time it takes students to complete degrees should provide access to significant numbers of new students and significant savings to students and families.
  - Enroll more transfer students beginning in the coming year. While timelier completion should improve access to the CSU, the Administration recognizes the demand campuses are facing today, particularly from transfer students who have completed associate's degrees for transfer and are guaranteed admission to the university. The additional funds will allow campuses to enroll approximately 1,500 more transfer students by the spring of 2016.
- **Basic Skills Partnership Pilot**—As discussed in the California Community Colleges section, the May Revision proposes 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, the CSU can redirect resources to continuing improvements on time to degree.
- **Energy Projects**—As discussed in the Cap and Trade chapter, the May Revision proposes \$35 million Greenhouse Gas Reduction Fund for energy projects at CSU campuses.

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## UNIVERSITY OF CALIFORNIA

Consisting of 10 campuses, the University of California (UC) is the primary institution authorized to independently award doctoral degrees and professional degrees. The UC educates approximately 249,000 undergraduate and graduate students and receives the highest state subsidy per student among the state's three public higher education segments.

Following the UC Regents' November action to authorize the UC President to increase student tuition by up to 28 percent over five years, the Administration and the President undertook a review of UC as part of a select advisory committee established by the Regents to develop and evaluate proposals to reduce the University's cost structure, while maintaining or improving access, quality, accountability and outcomes.

After months of data review, discussions between the Administration and the Office of the President, and interviews with higher education experts, faculty and staff at UC campuses, and undergraduate and graduate students, the Governor and the UC President have agreed that UC will undertake a number of reforms to manage its operations more effectively and that the President will strongly recommend the Academic Senate undertake additional reforms. Implementation of these reforms will allow UC to better serve existing students and reduce its future operating costs so that students will have access to an affordable UC education in the years to come. Under this framework, tuition for California undergraduate students will remain flat through 2016-17. As UC implements a cap on salary eligible for pensions consistent with the state's 2012 pension reform law, the state will use the dedicated debt funding under Proposition 2 to help reduce the University's unfunded pension liability. The agreed-upon framework is described in more detail below.

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### **STATE FUNDING HAS INCREASED SUBSTANTIALLY**

Between 2007-08 and 2014-15, nearly all state-supported programs experienced steep declines in their General Fund revenues given the magnitude of the Great Recession. With a recovering economy and the passage of Proposition 30, the state has been able to reinvest and expand services in targeted ways. For UC, the passage of Proposition 30 averted a \$250 million cut to university funding and provided a total of \$392 million in new resources in 2014-15. In addition to these increases, by 2015-16, Cal Grant and Middle Class Scholarship expenditures for UC students are now estimated to be \$900 million and have grown by nearly \$600 million since 2007-08 (more than 200 percent) principally due to tuition increases.

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### **TUITION INCREASES ARE NOT NEEDED AT THIS TIME**

Of UC's total resources, estimated to be nearly \$28 billion in 2014-15, the University indicates that about \$7 billion is available to support student instruction. The UC's proposed budget identifies \$125 million for existing obligations, including compensation increases pursuant to already-negotiated labor contracts, costs of employee benefits, and adjustments in current spending for inflation. To assist the University with these costs, provide funding for all currently enrolled students, allow for additional discretionary spending, and reduce energy use, the Administration is committed to providing the following in the budget year:

- \$119.5 million in increased General Fund on an ongoing basis.

- \$25 million in one-time General Fund for deferred maintenance.
- \$25 million in one-time Cap and Trade revenues, which would be used for energy efficiency projects at UC campuses to reduce greenhouse gas emissions.

With these state resources, the University has committed to freezing undergraduate tuition for California residents for 2015-16 and 2016-17. The Administration's multi-year plan will continue to provide 4-percent increases in direct General Fund support in future years. By 2017-18, tuition will have remained flat for six consecutive years, and it is reasonable to expect that tuition will begin to increase modestly and predictably, likely close to the rate of inflation. In the intervening years, UC must aggressively implement the reforms below and continue its efforts to obtain administrative efficiencies.

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### **AGREEMENT IMPROVES TRANSFER OPPORTUNITIES FOR COMMUNITY COLLEGE STUDENTS**

Transfer to UC can be a cost-effective pathway for students. For example, attending a community college for two years before transferring to UC can result in \$25,000 of savings for a student in tuition and fees alone. The community colleges are diverse—40 percent of enrolled students are Latino while about 7 percent are African American, and recent reports have found that a majority of Latino graduating high school seniors enroll at the community colleges. Expanding the number of students who successfully complete their lower-division requirements at the community colleges will allow the University to be more diverse and serve far more Californians.

Since the passage of Chapter 428, Statutes of 2010 (SB 1440), CSU and the community colleges have greatly simplified the transfer process by developing associate' degrees for transfer that guarantee admission to CSU with junior standing once the degree is obtained. The process eliminates campus-by-campus and major-by-major transfer requirements and establishes clear expectations for students.

The UC has also taken steps to simplify the process for transfer students. Over the next two academic years, for its 20 most popular majors, UC will articulate specific pathways for transfer that are closely aligned to the associate's degrees for transfer established by community colleges and CSU pursuant to SB 1440. Any differences will be clearly identified so that students know exactly what is needed for transfer to both CSU and UC.

Currently, UC has a goal of a two-to-one ratio of incoming freshmen to transfers—but only three campuses meet this expectation. The improved transfer

process, combined with a commitment from UC to reach the two-to-one transfer threshold by 2017-18 (for all undergraduate campuses except for UC Merced), will open up transfer opportunities to thousands more students in the coming years.

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### **IMPROVED TIME-TO-DEGREE WILL FURTHER EXPAND ACCESS**

In recent years, admission to UC has become increasingly selective. The Master Plan for Higher Education specifies that any student in the top one-eighth of the state's high-school graduating class each year should be eligible to attend UC, the University should establish a ratio of students in the lower division to those in the upper division of two to three, and students transferring from California community colleges should receive priority in admissions.

The University can increase access for qualified students in several ways. By improving four-year graduation rates for students who enter as freshmen and two-year graduation rates for transfer students, the University could serve far more Californians within its current infrastructure. For example, of the 37,000 students who entered as freshmen in the fall of 2008, 62 percent of students graduated within four years—while 81 percent finished within five years and 83 percent graduated within six years. Improving four-year completion even modestly would open up admission for hundreds to thousands of new freshmen and transfer students.

To support focused degree pathways, all undergraduate UC campuses will undertake a comprehensive review of the courses necessary in 75 percent of majors and complete this review by July 1, 2017, other than UCLA, which has already completed this review. The initiative, modeled after UCLA's "Challenge 45," has the goal of reviewing the number of courses and reducing those requirements to no more than 45 units where possible. This challenge encourages a thoughtful approach to how undergraduate programs are designed and helps eliminate any unnecessary requirements for graduation.

In addition, the UC President will strongly encourage the Academic Senate to review existing policies on credits for Advanced Placement courses and College Level Examination Program tests and use of the Common Identification Numbering System (C-ID), which is already used by the community colleges and CSU. These policies would further streamline the processes to award credit by examination and transfer credit from other institutions and provide the opportunity for students to graduate sooner than otherwise would be the case.

Three campuses will pilot alternative pricing models for summer session by 2016. Currently, the summer term does not take full advantage of existing infrastructure and instructional capacity. These pilots will identify options to encourage undergraduate students to take more courses during the summer with the intent to further expand the use of summer courses in future years.

In addition to supporting timely four-year degrees, each campus will develop three-year degree pathways for 10 out of its top 15 majors by March 1, 2016, which will provide students with another option to earn a UC degree. The UC has committed to promoting and encouraging these accelerated pathways with a goal that 5 percent of students will access these accelerated tracks by the summer of 2017. While accelerated graduation is not practical for all, improved time-to-degree results in significant savings for students and families, and students should have clear, specific options that allow them to graduate in a timely way that best suits their needs. Increasing the number of students who complete their degrees in less than four years would also open up admission to hundreds of new undergraduates.

These policy changes can have significant impacts if students receive appropriate guidance as they move through their programs. Therefore, the Office of the President will work with campus advisors on how they can help keep students on track for graduation within four years or less.

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### **UNIVERSITY OPERATIONS SHOULD BE OPTIMIZED USING TECHNOLOGY**

As technology evolves, new opportunities exist for the University to improve its operations. Innovative universities are using software and information to better understand the costs associated with higher education, measure student needs and improve outcomes. Technology is enabling more responsive teaching and learning; innovative course planning and course redesign; and better financial modeling, such as activity-based costing (ABC) used by many leading businesses. All of these tools can help focus resources where they are needed most—whether it is helping students plan their course of study, guiding faculty in determining when and how to provide more targeted instruction, showing advisors which students are struggling, or providing administrators with data to determine course offerings that can dissipate bottlenecks. All campuses should evaluate how they can deploy these and other advancements to better support students.

By pursuing several technologies at each campus, UC can serve as a laboratory for new practices in teaching and learning. As part of the agreement with the Administration, UC Riverside will pilot ABC tools for its College of Humanities, Arts and Social Sciences, which houses 20 departments. Two additional campuses will also participate on a smaller scale, with three similar departments reflecting the most popular disciplines piloting ABC in 2016 following a scoping study. Campuses will also report on how they are using other data and technology tools, such as predictive analytics, to identify students at risk of repeating courses, not completing on time, or needing advising or other interventions. These data can be used to close achievement gaps among students. Finally, UC Davis will lead a multi-campus pilot (with at least two other campuses) on deploying adaptive learning technologies, focused on improving instruction and increasing the number of students who succeed in difficult courses and persist to completion.

In addition to understanding costs and outcomes, technology offers new opportunities for increasing access to UC. Today, students can connect with professors across campuses, and professors can lecture online and spend more time with students in discussion groups. During the Administration’s review, many faculty members cited hybrid courses as a way to deliver an enhanced learning environment to more students than in a typical lecture course. Supporting the development of hybrid courses—especially for bottleneck courses, courses with high failure rates, or courses that are needed for popular majors—should be a priority of the University, as doing so can help enhance student outcomes, lower costs and increase access. Using a General Fund augmentation provided in recent years, UC established the Innovative Learning Technology Initiative, and with that continued funding, UC will expand its impact on students by prioritizing resources on the development of these courses.

The UC has also committed to expanding online programs in strategic areas where high demand exists to help Californians meet the workforce needs of employers. To that end, UC will convene industry leaders and other stakeholders this summer to identify online certificate and master’s degree programs that would provide significant benefit to the California workforce. The UC will also seek to expand enrollment in existing online programs that have proven to be successful.

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### **LONG-TERM OBLIGATIONS MUST BE ADDRESSED**

For two decades, UC took a “pension holiday” from annual contributions to its defined benefit retirement system and instead relied on unsustainable investment returns. Combined with the stock market crash of the Great Recession, this holiday left the

University's retirement system with billions in unfunded liabilities. In valuations presented to the Regents in November, the University's actuaries estimated unfunded liabilities of \$7.6 billion for its pension system, as well as an additional \$14.5 billion for health care for its retirees.

Beginning in 2010, both the University and employees renewed their contributions to the UC Retirement Plan. In 2015-16, campuses will contribute 14 percent of payroll, while most employees will pay 8 percent of their earnings. These new costs have represented a major operational pressure at the campus level.

Other California governments face similar long-term liabilities. Chapter 296, Statutes of 2012 (AB 340), established the Public Employees' Pension Reform Act of 2013 (PEPRA). The statute provides lower pension benefits and requires higher retirement ages for new employees in state and local governments and schools.

The UC made similar changes to the design of its retirement program and complied with the Internal Revenue Service (IRS) cap on salaries eligible for pensions. However, the IRS cap is more than double the salary cap that was adopted in 2012 under PEPRA, which prevents workers from receiving pensions far beyond what is reasonable. Currently under PEPRA, the state imposes a cap on pensionable earnings of \$117,020 for employees who are eligible for Social Security benefits. The UC has a much higher limit—\$265,000—for its pension program. By July 1, 2016, the Regents will adopt a pension program for new employees in which an employee can elect either a defined benefit plan that includes a PEPRA cap (with, for some employees, a supplemental defined contribution plan) or a full defined contribution plan. By creating a program consistent with PEPRA, the University will be eligible to receive Proposition 2 funds to pay down existing pension debt. The state would provide \$96 million in 2015-16, with an additional roughly \$170 million in each of the next two years to cover unfunded pension debt in each of those three years. As the unfunded liability decreases in future years, the University will reduce its costs and long-term risk.

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### **LOWERING THE COST STRUCTURE OF THE UNIVERSITY WILL REQUIRE ONGOING ENGAGEMENT**

As the state continues to reinvest in higher education, the state has an opportunity to ensure those investments provide the highest value for students, their families and the public. The Governor and the Legislature now require the University to report annually on its performance and every two years on the amount it spends on undergraduate

students and graduate students. By reporting data in new ways, managers at each of the campuses can better understand the interaction between cost and academic performance, and the University's leaders can better share with the public credible information about the costs of instruction, research and public service.

The agreement forged between the Administration and the University of California will allow UC to better use both state taxpayer and student tuition dollars.

The Administration expects regular reporting on these efforts, including status updates and ongoing evaluation. The Administration intends to continue to partner with the Office of the President, as well as UC students, faculty, and campus leaders to lower the cost structure of the University in ways that support access, affordability, quality, and improved outcomes.

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## **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, the Middle Class Scholarship Program, and the Assumption Program of Loans for Education. More than 125,000 students received new Cal Grant awards, and more than 170,000 students received renewal awards in 2013-14.

The May Revision continues to focus financial aid for students attending the state's public higher education institutions and other institutions to minimize student debt loads and produce successful graduates. This benefits students demonstrating a high likelihood of completing their degrees or programs and students with the greatest financial need.

Significant Adjustments:

- Cal Grant Program Costs—A decrease of \$54.2 million General Fund in 2014-15 and \$42.2 million General Fund in 2015-16 to reflect revised estimates of participation in the Cal Grant program.
- Offset Cal Grant Costs with Federal Temporary Assistance for Needy Families (TANF) Reimbursements—An increase of \$247.3 million TANF reimbursements in 2015-16, which reduces the amount of General Fund resources needed for program costs. Combined with the TANF reimbursements included in the Governor's

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Budget, the May Revision offsets \$533.6 million in General Fund costs for Cal Grants in 2015-16.

- Cal Grant B Access Award Supplement—An increase of \$1.9 million College Access Tax Credit Fund in 2015-16 to fund a supplemental award of \$8 for each student who receives a Cal Grant B Access Award.
- Loan Assumption Program Costs—A decrease of \$1.2 million General Fund in 2014-15 and \$399,000 General Fund in 2015-16 to reflect revised estimates of costs for the Assumption Program of Loans for Education and the State Nursing Assumption Program of Loans for Education.
- Middle Class Scholarship Program—A decrease of \$18 million General Fund in 2014-15 to reflect revised estimates of costs for the Middle Class Scholarship Program.

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### **AWARDS FOR INNOVATION IN HIGHER EDUCATION**

The Awards for Innovation in Higher Education recognize higher education institutions that improve policies, practices, and/or systems to achieve the state's goals.

Significant Adjustments:

- Additional Program Funding—An increase of \$25 million Proposition 98 General Fund to bring total funding for the program for the budget year to \$50 million. The May Revision also proposes that community colleges, in addition to California State University campuses, may be lead applicants for awards. The May Revision further proposes that the program be more closely aligned to achieve the state's goals for higher education articulated in Chapter 367, Statutes of 2013 (SB 195).
- Current Year Funding Allocation—A decrease in General Fund and a corresponding increase in Proposition 98 General Fund of \$23 million to reflect the actual awards of funds for the current year coordinated by community colleges.

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### **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:

- Literacy Program—An increase of \$2 million General Fund for the Literacy and English Acquisition Services Program. As described in the Governor’s Budget proposal for adult education, the Administration’s focus remains on increasing the resources available to improve the skills of California’s workforce, and it is expected that literacy programs funded with these resources will be coordinated with the adult education consortia.
- Broadband Project—An increase of \$1.7 million General Fund for the California Public Library Broadband Project, including \$1.5 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.
- 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.

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