

HIGHER EDUCATION

The Budget makes adjustments that reduce the overall level of support for the state's public higher education segments—the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC). However, the Budget will increase state support for those systems if sufficient federal funds are received.

The Budget includes total funding of \$19.4 billion General Fund and local property tax for all higher education entities in 2020-21.

UNIVERSITY OF CALIFORNIA

In addition to supporting undergraduate instruction, the UC is the state's primary institution for awarding doctoral degrees and professional degrees. The UC's ten campuses provide education to approximately 280,000 undergraduate and graduate students, and UC's university extension programs reach an additional 400,000 students. In 2018-19, the UC awarded 77,000 degrees.

The Budget reflects a net General Fund decrease of \$258.4 million, which is the result of investments totaling \$44 million, a base increase of approximately \$169.2 million, and contingent reductions totaling \$471.6 million. As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for

purposes identified below, funds will be appropriated for the 2020-21 fiscal year, pursuant to Control Section 8.28.

The federal CARES Act provided UC with approximately \$260 million. The Act requires 50 percent be allocated to emergency financial aid. The remaining funds should be used to help the UC maintain their programs in the 2020-21 fiscal year.

The Budget is based on the expectation that UC will uphold the Administration's equity principles, minimize the potential impact of these reductions on disadvantaged students, and implement the budget adjustments associated with these reductions in ways that do not disproportionately impact disadvantaged students. The UC is also expected use their unrestricted reserves to mitigate the impact of these reductions from one fiscal year to the next.

Other Significant Adjustments

- **General Fund Adjustments**—An increase of \$213.2 million General Fund, of which \$678,000 is one-time, consisting of:
 - \$169.2 million for a base adjustment to mitigate the impact of contingent General Fund reductions.
 - \$25 million for UC Riverside School of Medicine operational costs.
 - \$15 million for the UC Merced-UCSF Fresno Partnership for a Branch Medical School Campus.
 - \$3.7 million (\$3.1 million of which is ongoing) to offset declining Proposition 56 revenue supporting a statewide grant program to increase the number of available graduate medical residency slots.
 - \$345,000 for a baseline immigrant legal services adjustment.
- **Contingent General Fund Reductions**—As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year as follows:
 - \$428.4 million for UC operational costs.
 - \$43.2 million for UC Office of the President (UCOP), UC PATH, and the UC Division of Agriculture and Natural Resources.

- **Animal Shelter Grants**—If sufficient philanthropic support does not materialize by April 1, 2021, the Budget authorizes the Director of Finance to provide up to \$5 million one-time General Fund to support a one-time animal shelter demonstration grant program through the UC Davis Koret Shelter Medicine Program.
- **UC Subject Matter Project**—The Budget provides \$6 million in one-time federal funds to support the mitigation of learning loss in mathematics, science, and English and language arts through existing UC Subject Matter Projects.
- **UC PATH**—The Budget increases UCOP's authority to assess campuses in support of UC PATH from \$15.3 million to \$46.8 million, while also requiring UCOP to collaborate with campuses to maximize their use of non-core funds to support the assessment.
- **Deferred Maintenance**—The Budget authorizes UC to redirect up to \$21.6 million in deferred maintenance funding from the 2019 Budget Act to support for undergraduate instruction, undergraduate resident enrollment, student support services, and other core academic operations.

CALIFORNIA STATE UNIVERSITY

The CSU is the state's broadest platform for providing four-year education, with a focus on undergraduate and master's-level graduate instruction. The CSU educates approximately 475,000 students on 23 campuses, including many based in underserved regions, while also providing additional opportunities through professional and continuing education programs. In 2018-19 the CSU awarded 127,400 degrees.

The Budget reflects a net General Fund decrease of approximately \$299.1 million, which is the result of a base increase of approximately \$199 million, and contingent reductions totaling approximately \$498.1 million. As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year, pursuant to Control Section 8.28.

The federal CARES Act provided CSU with approximately \$525 million. The Act requires 50 percent be allocated to emergency financial aid. The remaining funds should be used to help CSU maintain programs in the 2020-21 fiscal year.

The Budget is based on the expectation that CSU will uphold the Administration's equity principles, will minimize the potential impact of these reductions on disadvantaged students, and implement the budget adjustments associated with these reductions in ways that do not disproportionately impact disadvantaged students. The CSU is also expected use their unrestricted reserves to mitigate the impact of these reductions from one fiscal year to the next.

Other Significant Adjustments

- **Ongoing General Fund Adjustment**—An increase of approximately \$199 million for a base adjustment to mitigate the impact of contingent General Fund reductions.
- **Contingent General Fund Reductions**—As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year as follows:
 - Approximately \$498.1 million for CSU operational costs.
- **Deferred Maintenance**—The Budget authorizes CSU to redirect up to \$146 million in deferred maintenance funding from the 2019 Budget Act to support for undergraduate instruction, undergraduate resident enrollment, student support services, and other core academic operations.

CALIFORNIA COMMUNITY COLLEGES

The CCCs serve as the foundation of the state's higher education system by providing Californians with open access to early-stage undergraduate instruction, basic skills, career education, and transfer opportunities. The CCCs support 2.1 million students across 73 districts, 115 colleges, and 78 educational centers. In 2018-19, the community colleges awarded more than 101,000 certificates and 187,000 degrees.

COMMUNITY COLLEGE FLEXIBILITIES

To assist CCCs in their recovery from the impacts of the COVID-19 Recession and provide additional near-term certainty, the Budget enacts statutory changes to:

- Exempt direct COVID-19-related expenses incurred by districts from the 50 Percent Law. This excludes revenue declines.
- Provide a hardship exemption for districts unable to meet their financial obligations due to the deferrals enacted in the Budget.
- Extend the Student-Centered Funding Formula hold harmless provisions for an additional two years, and authorize the use of past-year data sources that have not been impacted by the COVID-19 pandemic for the calculation of the Student-Centered Funding Formula for 2020-21.
- Encourage and expedite the development of short-term career technical education courses to address the impacts of the COVID-19 pandemic.

Other Significant Adjustments

- **Staff for Working Group on Community College Athlete Compensation**—An increase of \$700,000 one-time non-Proposition 98 General Fund for the CCC Chancellor's Office to contract with an external organization to staff a working group on a community college athlete's use of the athlete's name, image, and likeness for compensation, pursuant to Chapter 383, Statutes of 2019 (SB 206).
- **2019-20 Deferrals**—A deferral of approximately \$330.1 million Proposition 98 General Fund of community college apportionments from 2019-20 to 2020-21.
- **2020-21 Deferrals**—A deferral of approximately \$662.1 million Proposition 98 General Fund of community college apportionments from 2020-21 to 2021-22.

- **2020-21 Deferrals Subject to Control Section 8.28**—As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year as follows:

 - A deferral of approximately \$791.1 million Proposition 98 General Fund of community college apportionments from 2020-21 to 2021-22.
- **COVID-19 Response Block Grant for CCCs**—A one-time increase of approximately \$120.2 million, which is comprised of approximately \$54 million from the Coronavirus Relief Fund (CARES Act) and approximately \$66.3 million Proposition 98 General Fund, for a COVID-19 Response Block Grant for the community colleges to support student learning and mitigate learning loss related to the COVID-19 pandemic.
- **Dreamer Resource Liaisons**—An increase of \$5.8 million Proposition 98 General Fund to fund Dreamer Resource Liaisons and student support services, for immigrant students including undocumented students in community colleges, pursuant to Chapter 788, Statutes of 2019 (AB 1645). These services provide an opportunity to address disparities and advance economic justice by supporting educational attainment, career pathways and economic mobility for students who may face barriers related to their immigration status.
- **Legal Services**—An increase of \$10 million ongoing Proposition 98 General Fund to provide legal services to immigrant students, faculty, and staff on community college campuses.
- **Calbright College**—A decrease of \$5 million ongoing Proposition 98 General Fund for Calbright College, and a decrease of \$40 million one-time Proposition 98 General Fund provided to Calbright College that is redirected to offset apportionments costs for 2020-21.
- **Revised CalPERS/CalSTRS Contributions**—As referenced in the K-12 Education Chapter, to provide local educational agencies and community college districts with increased fiscal relief, the Budget redirects \$2.3 billion appropriated in the 2019 Budget Act to CalSTRS and CalPERS for long-term unfunded liabilities to further reduce employer contribution rates in 2020-21 and 2021-22.

- **CCC Facilities**—An increase of general obligation bond funding of \$223.1 million, including \$28.4 million to start 25 new capital outlay projects and \$194.7 million for the construction phase of 15 projects anticipated to complete design by spring 2021. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.
- **Local Property Tax Adjustment**—A decrease of \$60.9 million Proposition 98 General Fund as a result of increased offsetting local property tax revenues.
- **Food Pantries**—The Budget enacts statutory changes to support food pantries within available Student Equity and Achievement Program funding.
- **CCC State Operations**—An ongoing increase of \$116,000 non-Proposition 98 General Fund for a new position to support the Chancellor's Office accounting operations.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission, which administers the state's financial aid programs, the largest of which is the Cal Grant, supports over 410,000 financial aid awards to students accessing higher education. The Budget reflects a sustained commitment to financial aid programs as a cornerstone of our dedication to providing the least resourced students access to higher education.

Other Significant Adjustments

- **Cal Grant Program Adjustment**—A decrease of approximately \$149 million in 2019-20 and approximately \$63.3 million in 2020-21 to reflect revised estimates of the number of new and renewal Cal Grant awardees in 2019-20 and 2020-21.
- **Temporary Assistance for Needy Families (TANF) Adjustment**—A decrease of \$600 million in federal TANF reimbursements in 2019-20 which increases General Fund support for the Cal Grant program by an equal amount.
- **Golden State Teacher Grant Program**—As referenced in the K-12 Education Chapter, an increase of \$15 million one-time federal funds to support grants to students enrolled in special education teacher preparation program at a high-need school site.

- **Grant Delivery System**—An increase of \$5.3 million one-time General Fund to fund the third year and final year of project development costs for the Grant Delivery System Modernization Project.
- **Student Loan Debt Service Work Group**—An increase of \$250,000 one-time General Fund to convene a work group to analyze student loan borrowing patterns and develop more affordable loan repayment alternatives.
- **Cal Grant B Service Incentive Grant**—A reappropriation of \$7.5 million one-time General Fund from the 2019 Budget Act and a redirection of the Program's \$7.5 million funding in 2020-21 to support the Disaster Relief Emergency Student Financial Aid Program, which will provide emergency financial aid to students at the University of California, California State University, and California Community Colleges.
- **Child Savings Account Grant Program**—A decrease of \$15 million one-time General Fund to the Child Savings Account program, established in the 2019 Budget Act.
- **Contingent General Fund Reduction**—As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year as follows:
 - A decrease of \$88.4 million one-time General Fund for the Golden State Teacher Grant program, established in the 2019 Budget Act.

UC HASTINGS COLLEGE OF THE LAW

Affiliated with the UC system, but governed by its own board, the Hastings College of the Law is one of the state's important legal institutions. Hastings primarily serves students seeking a Juris Doctor degree, but also offers programs leading to Master of Laws and Master of Studies in Law degrees. In 2018-19, UC Hastings enrolled 964 full-time equivalent students.

Other Significant Adjustments

- **Base Adjustment**—An ongoing increase of approximately \$1.4 million General Fund to mitigate the impact of contingent General Fund reductions.

- **Contingent General Fund Reduction**—As a result of the COVID-19 Recession and absent the receipt of additional federal funds to assist the state with the fiscal crisis, reductions are necessary to balance the state budget. To the extent the federal government provides sufficient federal funds by October 15, 2020, which are eligible for purposes identified below, funds will be appropriated for the 2020-21 fiscal year as follows:
 - Approximately \$1.9 million General Fund for operating costs.

CALIFORNIA STATE LIBRARY

The California State Library offers a wide range of services, including timely information for the Governor and Legislature, archival access for researchers, and technical assistance for libraries across California. The State Library also administers state- and federally-funded programs to support local libraries.

Other Significant Adjustments

- **Braille Institute of America in Los Angeles**—An increase of \$500,000 ongoing General Fund to support services provided by the Braille Institute of America in Los Angeles.
- **Statewide Library Broadband Services Augmentation**—An increase of \$170,000 ongoing General Fund for continued participation in the Corporation for Education Network Initiatives in California.
- **Library Services Act**—A decrease of \$1.75 million ongoing General Fund.

FRESNO DRIVE

The Budget includes \$2 million one-time General Fund to support the Fresno Developing the Region's Inclusive and Vibrant Economy (DRIVE) initiative's Fresno-Merced Food Innovation Corridor concept. This funding will support planning, community engagement, and financial planning needed to secure the private and philanthropic resources to launch and scale the Fresno-Merced Future of Food (F3) Innovation Initiative over the next ten years.