



Overview of the Governor's 2021-22 Budget Proposal

January 2021

SUMMARY

Governor Newsom submitted his proposed State Budget for Fiscal Year (FY) 2021-22 to the Legislature on January 10, 2020. Overall, the Governor's Budget proposes total state spending of \$227.2 billion in 2021-22, of which \$164.5 billion is General Fund (GF) spending.

In higher education, the Governor proposes to spend a total of **\$36.1 billion** (\$21.8 billion GF and local property tax and \$14.3 billion in other funds). Pages 77-92 of the Governor's Budget Summary, included as an attachment in the agenda item, address Higher Education budget proposals, including a table (on page 78) summarizing proposed expenditures for the University of California (UC), the California State University (CSU), the California Community Colleges (CCC), the California Student Aid Commission (CSAC), and other higher education programs.

The Governor's proposed budget for California Community Colleges (CCCs) includes **emergency financial assistance** for full-time, low-income community college students and other students who were previously working full-time (\$250 million one-time Prop 98 funds, \$100M of which is proposed for early action), support to address food and housing insecurity (\$100M one-time Prop 98 funds), support for student access to technology, high-speed Internet connectivity, and student mental health resources (\$30M ongoing Prop 98 funds), and funding to support continuity of education and quality distance learning (\$10.6M ongoing Prop 98 funds). The Governor also includes an increase of \$15M one-time Prop 98 funds to develop Zero-Textbook-Cost Degrees using open educational resources.

For the CSU, the Governor proposes a three percent increase in base resources, or \$144.5 million in ongoing GF, to support operational costs and student basic needs. This includes support for digital equity and student mental health resources (\$15M ongoing GF) and support for the Basic Needs Initiative Component of the CSU Graduation Initiative 2025 (\$15M ongoing GF). The Governor further proposes \$30M one-time GF to support **emergency financial assistance grants** for full-time, low-income students and other students previously working full-time.

The Governor's proposed budget for UC also includes a three percent increase in base resource funding, totaling \$136 million, to support operational costs and student basic needs. Similar to the CSU budget, this includes support for digital equity and student mental health resources (\$15M ongoing GF). The Governor further proposes \$15M one-time GF to support **emergency financial assistance grants** for full-time, low-income students and other students previously working full-time.

With these new investments, the CSU and UC are expected to: maintain resident undergraduate tuition and fees at current levels for the 2021-22 academic year; take action to close equity gaps by 2025; adopt policies furthering education opportunities online; and create a new dual admissions pathway that enables first-time freshman applicants to be considered for guaranteed admission to a CSU or UC upon completion of an Associate Degree for Transfer (ADT) at a CCC.

In financial aid, the Governor's Budget provides approximately **\$2.8 billion** in total funds for the Commission, including the following major augmentations and adjustments:



- **An increase of \$58.2 million ongoing GF to restore Cal Grant A eligibility for students impacted by a change in living status due to COVID-19.** These students might have otherwise lost eligibility for their award for at least the full 2020-21 academic year.
- **An increase to the amount of authorized Competitive Cal Grant awards.** The Governor proposes an increase of \$35 million ongoing GF to add 9,000 Competitive awards, increasing the total number of awards to 50,000.
- **Establishment of a new Former and Current Foster Youth Access Award.** The Governor proposes an increase of approximately \$20 million ongoing GF to increase access awards for former or current foster youth. New and renewal Cal Grant A students who are current or former foster youth would receive an access award of up to \$6,000. New and renewal Cal Grant B students who are current or former foster youth would see their access award increase from \$1,648 to \$6,000.
- **One-time funding for the Golden State Teacher Grant (GSTG) Program.** The Governor proposes an increase of \$100 million one-time GF to restore funding to the GSTG program which provides grants to students enrolled in teacher preparation programs, who commit to working in a high-need field at school sites with the highest rates of non-credentialed or waiver teachers.
- **Full funding for the final phase of the Grant Delivery System Modernization (GDSM) with additional ongoing funding.** As the GDSM project nears its final stage, with the full system expected to go live at the end of the 2020-21 academic year, the Governor's Budget proposes \$1.8 million one-time GF for the fourth (and projected final) year of project costs. After FY 2020-21, Budget provides \$719,000 in ongoing GF for maintenance and operations costs.
- **Maintaining the maximum Cal Grant tuition award (\$9,084) for students attending private, nonprofit institutions.** The proposed Budget includes statutory changes to delay the requirement that private, nonprofit institutions offer admission to at least 2,000 ADT students in order to maintain the maximum Cal Grant award. The delay shifts the requirement from applying in 2021-22 to fiscal year 2022-23.
- **Adjustments to Cal Grant Program** consistent with revised caseload estimates provided by the Commission.

The Governor's Budget also proposes a new requirement that local education agencies confirm all high school seniors complete a financial aid application (FAFSA or CADAA), beginning in the 2021-22 academic year. The Commission's outreach programs, including Cash For College and the Student Opportunity and Access Program (Cal-SOAP), will be instrumental in supporting school districts to implement this new requirement should it be adopted.

Lastly, the Governor's Budget includes new ongoing and one-time investments to support the continued development of the Cradle-to-Career Data System, including \$15 million General Fund to establish a new coordinating office within the Government Operations agency. These



finds include resources and personnel authority for the Commission to retain staff that would support the Commission's involvement in the Data System. Since enactment of the California Cradle-to-Career Data System Act in 2019, Commission staff have engaged in public meetings to guide the development of this new longitudinal data system.