HIGHER EDUCATION

The Budget reflects the second year of the multi-year compacts with the University of California (UC) and the California State University (CSU), and a multi-year roadmap with the California Community Colleges (CCCs), that focus on shared priorities benefitting students. Despite the state's fiscal condition, the Administration remains committed to the shared goals of increasing access to the UC and CSU, improving student success while advancing equity, increasing the affordability of higher education, increasing intersegmental collaboration, and supporting workforce preparedness and high-demand career pipelines.

The Budget proposes total funding of $40.3 billion ($27.3 billion General Fund and local property tax and $13 billion other funds) for the three higher education segments and the California Student Aid Commission. The figure on Higher Education Expenditures displays additional detail about funding for higher education.

Higher Education Expenditures
(Dollars in Millions)

	2021-22[3]	2022-23	2023-24	Change from 2022-23 Dollars	Change from 2022-23 Percent
University of California					
Total Funds [1/]	$10,418.6	$10,455.7	$10,352.9	-$102.7	-1.0%
Ongoing General Fund	4,010.8	4,373.6	4,629.7	$256.0	5.9%
One-Time General Fund	1,131.0	653.9	100.9	-	-
California State University					
Total Funds [1/]	$9,186.9	$8,523.4	$8,476.8	-$46.6	-0.5%
Ongoing General Fund	4,606.1	5,049.8	5,341.0	$291.2	5.8%
One-Time General Fund	1,267.5	347.7	10.0	-	-
California Community Colleges					
Total Funds	$17,481.9	$17,962.7	$17,431.6	-$531.1	-3.0%
General Fund & Property Taxes	12,927.6	13,554.8	13,668.7	$113.9	0.8%
California Student Aid Commission					
Total Funds	$2,750.3	$3,411.5	$3,235.8	-$175.7	-5.2%
General Fund [2/]	2,328.1	2,990.9	2,815.2	-$175.7	-5.9%
Total Funds	**$39,837.7**	**$40,353.3**	**$39,497.2**	**-$856.2**	**-2.1%**
General Fund	**$26,271.1**	**$26,970.7**	**$26,565.5**	**-$405.2**	**-1.5%**

[1/] These totals include tuition and fee revenues and other funds the universities report as discretionary.

[2/] General Fund expenditures for the Cal Grant program are offset by reimbursements, including approximately $400 million in federal Temporary Assistance for Needy Families (TANF) funds received through an agreement with the Department of Social Services.

[3/] 2021-22 Total Funds may include federal American Rescue Plan Act of 2021 funding provided directly to colleges and universities.

UNIVERSITY OF CALIFORNIA

The UC offers formal undergraduate and graduate education, is the public segment authorized to independently award doctoral degrees, and is designated as the state's primary academic agency for research. Its ten campuses enroll nearly 290,000 students and the UC extension centers register an additional 500,000 participants in continuing education programs. In 2020-21, the UC awarded more than 84,000 degrees, including roughly 63,000 undergraduate degrees.

The Budget maintains the multi-year compact that includes substantial and sustained funding increases for the UC, in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. The UC recently submitted its required annual report describing its plans to advance the goals of the compacts. The Administration will continue to monitor the UC's actions toward meeting the goals.

NOTABLE ONGOING INVESTMENTS FOR THE UC INCLUDE:

- **Base Growth**—An increase of approximately $215.5 million ongoing General Fund for operating costs, representing a five-percent base increase in ongoing General Fund resources. This will also support one-percent growth in undergraduate enrollment.
- **Resident Undergraduate Enrollment Growth**—Consistent with the 2021-22 Budget and section 68 of Chapter 68 of the Statutes of 2021, an increase of $30 million ongoing General Fund to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students enrolled at three campuses with an equivalent number of California resident undergraduate students at these campuses in 2023-24. This investment builds on the previous $31 million ongoing General Fund provided in the 2022 Budget Act that supported a shift of 902 nonresident students for California residents.
- **Graduate Medical Education Backfill**—An increase of $4 million ongoing General Fund to offset declining Proposition 56 revenue for a statewide grant program and maintain $40 million in total ongoing for graduate medical residency slots.
- **Medical School Project at UC Riverside**—Consistent with the 2019 Budget, an increase of $6.5 million ongoing General Fund to support the Medical School Project at UC Riverside. Consistent with the 2019 Budget, the Administration's fiscal plan also includes an additional $14.5 million ongoing General Fund to support the Medical School Project at UC Merced beginning in 2024-25.

NOTABLE ONE-TIME INVESTMENTS FOR THE UC INCLUDE:

- **Delayed Capital Outlay Support**—The Budget proposal delays support for three projects in the 2022 Budget Act as follows: (1) delay $200 million ($100 million in 2022-23 and $100 million in 2023-24) of the support for the construction of an Institute for Immunology and Immunotherapy at the University of California, Los Angeles (UCLA) to fiscal year 2024-25; (2) delay $83 million to support the UC Berkeley Clean Energy Campus project currently planned for fiscal year 2023-24 to 2024-25, and (3) delay $83 million to support campus expansion projects at UC Riverside and UC Merced currently planned for fiscal year 2023-24 to 2024-25.

UNIVERSITY OF CALIFORNIA, LOS ANGELES

- **Transfer Admissions Guarantee**—As a condition of receiving a specified amount of state General Fund through the UC campus allocation model, the Budget proposes requiring UCLA to participate in the UC Transfer Admissions Guarantee Program to further facilitate students' ability to transfer to UCLA.
- **Associate Degree for Transfer**—As a condition of receiving a specified amount of state General Fund through the UC campus allocation model, the Budget proposes requiring UCLA to offer Associate Degree for Transfer program pathways to students seeking to transfer from a California Community College to UCLA.

CALIFORNIA STATE UNIVERSITY

The CSU provides undergraduate and graduate instruction generally up to the master's degree. Its 23 campuses enroll more than 468,000 students. In 2021-22, the CSU awarded more than 132,000 degrees. The CSU also provides opportunities for residents to enroll in professional and continuing education programs. The CSU strives to further fulfill its mission through the Graduation Initiative 2025, which aims to increase four-year graduation rates, increase two-year transfer graduation rates, and eliminate equity gaps. The CSU is an important institution for providing four-year education in some of the most underserved regions of the state, including the Far North, the Central Valley, and the Inland Empire.

The Budget maintains the multi-year compact reflecting substantial and sustained funding increases for the CSU, in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. The CSU recently submitted its required annual report providing baseline data to inform future goal-setting efforts and progress reports toward meeting the goals of the compacts.

NOTABLE ONGOING INVESTMENTS FOR THE CSU INCLUDE:

- **Base Growth**—An increase of $227.3 million ongoing General Fund to support a 5-percent base increase as part of the second year of the multi-year compact agreement for CSU's continuing commitment towards student access, equity, and affordability, and creating pathways to high-demand career pathways.

- **Shift in Capital Support Funding**—The Budget proposes shifting $404.8 million appropriated for the upfront support of various capital projects on CSU campuses to being supported by CSU-issued bonds. The Budget includes $27 million ongoing General Fund to support the underlying debt service on those bonds.

CALIFORNIA COMMUNITY COLLEGES

The CCCs are the largest system of higher education in the country, serving roughly one out of every four of the nation's community college students, or approximately 1.8 million students. The CCCs provide basic skills, vocational, and undergraduate transfer education with 73 districts, 116 campuses, and 78 educational centers. In 2021-22, the CCCs awarded over 110,000 certificates and 198,000 degrees and transferred over 107,000 students to four-year institutions.

The Budget reflects a continued focus on the CCC multi-year roadmap, which focuses on equity, student success, and enhancing the system's ability to prepare students for California's future.

MONITORING COMMUNITY COLLEGE ENROLLMENT

Enrollment at the CCCs has dropped by over 16 percent in headcount enrollment since the beginning of the COVID-19 Pandemic, mirroring a national trend of declining enrollment for higher education institutions, which has been particularly acute for the nation's community colleges. Local community colleges must continue outreach, recruitment, reengagement, and retention efforts. To address recent enrollment declines, the Budget includes an additional $200 million one-time Proposition 98 General Fund to continue to support community college efforts and focused strategies to increase student retention rates and enrollment.

In addition to responding to enrollment declines in recent years, the Administration has provided significant financial support to the community colleges, including for student financial aid and basic needs, as well as for community college operations. This includes providing a funding floor for the Student-Centered Funding Formula's hold harmless provision beginning in fiscal year 2025-26. To this end, the Administration will be monitoring district-level enrollment trends as we move past the COVID-19 Pandemic. It is imperative that districts begin to regain some of the enrollment lost during the COVID-19 pandemic. As such, the Administration will work with stakeholders to consider

options to adjust district budgets should a district not display that they are regaining enrollment lost during the COVID-19 Pandemic entering the 2024-25 academic year.

PROVIDING FLEXIBILITY FOR DISTRICTS MEETING CCC ROADMAP GOALS

To support a continued focus toward the goals of the multi-year roadmap, the Administration intends to introduce a mechanism as part of the May Revision to provide community college districts that are making progress toward the CCC roadmap goals with additional categorical program spending flexibilities and the ability to consolidate reporting requirements across specified and to be determined categorical programs, provided the goals of the categorical programs and overall progress toward the roadmap goals continue to be met. Under the proposal, districts making progress would have the opportunity to submit a streamlined report for the specified programs, as well as spend funds more flexibly across the programs.

PROVIDING SERVICE-LEARNING OPPORTUNITIES THROUGH DUAL ENROLLMENT

In furtherance of the CCC roadmap and compacts with the UC and CSU, the Administration requests community colleges establish dual enrollment agreements with all applicable local educational agencies within their community college districts' service area, if they have not done so already. Further, the Administration requests that all community colleges develop and offer a one-unit service-learning course that all high school students would have the ability to access through dual enrollment opportunities. These service-learning opportunities would serve to encourage and enable high school students to volunteer in their local communities and to participate in civic engagement.

NOTABLE INVESTMENTS AND ADJUSTMENTS FOR THE CCCS INCLUDE:

- **CCC Apportionments**—An increase of $652.6 million ongoing Proposition 98 General Fund to provide an 8.13-percent cost-of-living adjustment (COLA) for Student Centered Funding Formula apportionments and $28.8 million ongoing Proposition 98 General Fund for 0.5-percent enrollment growth.
- **CCC Categorical Program COLA**—An increase of $92.5 million ongoing Proposition 98 General Fund to provide an 8.13-percent COLA for select categorical programs and the Adult Education Program.

- **Student Enrollment and Retention**—An increase of $200 million one-time Proposition 98 General Fund to continue to support community college efforts and focused strategies to increase student retention rates and enrollment, building on an investment of $150 million one-time Proposition 98 General Fund and $120 million one-time Proposition 98 General Fund for student enrollment and retention in the 2022 and 2021 Budget Acts, respectively.
- **Workforce Training Grants**—An increase of $14 million one-time Proposition 98 General Fund to support the administration of workforce training grants in collaboration with the California Department of Forestry and Fire Protection.
- **Chief Business Officer Mentorship Program**—An increase of $275,000 Proposition 98 General Fund, of which $200,000 is ongoing, to develop a community college chief business officer professional learning program run through the Fiscal Crisis and Management Assistance Team to improve community college district leadership capacity and fiscal accountability.
- **Deferred Maintenance**—A decrease of approximately $213 million one-time Proposition 98 General Fund for deferred maintenance needs.

STUDENT HOUSING

The 2021 Budget Act established the Higher Education Student Housing Grant Program to provide grants for the CCCs, CSU, and UC to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. In addition to $2 billion one-time General Fund set-aside by the 2021 Budget ($500 million in 2021-22, $750 million in 2022-23, and $750 million in 2023-24), the 2022 Budget Act provided $200 million one-time General Fund for this program, bringing the total allotment to $2.2 billion for student housing grants over the three-year period. The Budget proposes delaying $250 million of the anticipated 2023-24 support for affordable student housing projects to the 2024-25 fiscal year.

The 2022 Budget Act also included intent language to provide $1.8 billion one-time General Fund over a two-year period in 2023-24 and 2024-25, to establish a student housing revolving loan program for the UC, the CSU, and the CCCs. The Budget proposes delaying $900 million planned in 2023-24 to the 2025-26 fiscal year and delaying $250 million from the 2024-25 fiscal year to the 2025-26 fiscal year. This delay would result in $650 million in 2024-25 and $1.15 billion in 2025-26 being available for the program.

CALIFORNIA STUDENT AID COMMISSION

Administered by the California Student Aid Commission, the state's primary financial aid program is the Cal Grant Program. This entitlement program provides financial aid awards to students who meet specified eligibility criteria, and who attend one of the state's qualifying public institutions or independent and private institutions. Students who are ineligible for the Cal Grant entitlement program can compete for financial aid awards available through the Cal Grant competitive program.

The Budget assumes total financial aid expenditures of $3.3 billion, of which $2.3 billion supports the Cal Grant Program, and $859 million supports the Middle Class Scholarship program. In 2021-22, approximately 174,000 students received new Cal Grant awards, and approximately 221,000 students received renewal awards. Funding provided to students through the Middle Class Scholarship Program and through programs that support the construction of affordable student housing are intended to help facilitate students' access toward a debt free college pathway.

The state's Cal Grant entitlement program is estimated to provide over 377,000 financial aid awards to students who meet specified eligibility criteria in 2023-24. Students who demonstrate financial need, but do not meet all of the criteria for entitlement awards, may qualify for one of 13,000 proposed competitive Cal Grant awards. The majority of these awards provide a stipend to cover some living expenses, such as housing, food, and transportation.

CAL GRANT REFORM

The Administration remains attentive to the 2022 Budget Act's provisions regarding the fiscal conditions upon which the Cal Grant Reform Act may be implemented and will continue to work closely with the Legislature, the Commission, and others as that time draws closer. The Cal Grant Reform Act would make significant changes to the state's largest financial aid program, replacing the existing Cal Grant program with a new version of the program that provides a Cal Grant 2 for eligible CCC students with financial need, and provides a Cal Grant 4 for eligible four-year university students with financial need.

DETAILED BUDGET INVESTMENTS

- **Middle Class Scholarship**—Pursuant to the 2022 Budget, an increase of $227 million one-time General Fund to support a modified version of the Middle Class Scholarship that will focus resources toward reducing a student's total cost of attendance.
- **Cybersecurity**—An increase of $1.4 million one-time General Fund, $469,000 of which is ongoing, to assess the California Student Aid Commission's current information technology system, address cybersecurity issues, and support 2 positions.
- **Financial Aid Programs**—A increase of $241,000 ongoing for 1 position at the Commission to support human resources and to distribute toolkits to high schools to help students complete their financial aid applications.
- **Golden State Education and Training Grant Program Expenditure Shift**—The Budget proposal assumes, consistent with estimated program expenditures, that $100 million General Fund provided for this program that was previously assumed to be spent in 2021-22 will be spent in 2024-25 and that $200 million, $100 million, and $100 million would be expended in fiscal years 2024-25, 2025-26, and 2026-27, respectively.

SCHOLARSHARE INVESTMENT BOARD

The ScholarShare Investment Board administers the Golden State ScholarShare College Savings Trust Program (ScholarShare 529), the California Memorial Scholarship Program (CMS), and the California Kids Investment and Development Savings Program (CalKIDS).

CHILD SAVINGS ACCOUNTS

CalKIDS funds college savings accounts targeted to low-income and underrepresented public-school students, in addition to establishing college savings accounts for all newborns. The Budget utilizes available resources within the CalKIDS program, created by reduced cost estimates in the program, to increase incentive payments to parents choosing to open accounts for their newborn child from $25 to $100.

DETAILED BUDGET INVESTMENTS

- **CalKIDS Program Marketing**—An increase of $1 million one-time General Fund to support marketing efforts to increase participation in the CalKIDS child savings accounts program, which seeks to help more California students afford higher education.

COLLEGE OF THE LAW, SAN FRANCISCO

College of the Law, San Francisco is affiliated with the UC system, but is governed by its own Board of Directors. Located in San Francisco, it primarily serves students seeking a Juris Doctor degree, but also offers programs leading to Master of Laws; Master of Studies in Law; and Master of Science, Health Policy and Law degrees. In 2021-22, UC College of the Law, San Francisco enrolled 1,101 full-time equivalent students. Of these, 1,065 were Juris Doctor students.

DETAILED BUDGET INVESTMENTS

- **Base Growth**—An increase of $2.2 million ongoing General Fund to support operating costs. This represents a 3-percent increase base augmentation.
- **Safety Program, Urban Alchemy**—An increase of $3 million, available over three years, to continue supporting a campus safety program that employs formerly incarcerated individuals and/or those who have experienced homelessness.

CALIFORNIA STATE LIBRARY

The California State Library serves as the central reference and research library for the Governor and the Legislature. The Library collects, preserves, generates, and disseminates information, and provides critical assistance to libraries across the state. The Library administers programs funded by state and federal funds to support local and public library programs.

DETAILED BUDGET INVESTMENTS

- **Support for Local Library Infrastructure**—The 2021 Budget Act provided $439 million one-time General Fund to support local library infrastructure projects. The 2022 Budget Act provided an additional $50 million and assumed an additional

$100 million in 2023-24 to support local library infrastructure projects. The Budget proposes delaying the $100 million to the 2024-25 ($33 million), 2025-26 ($33 million), and 2026-27 ($34 million) fiscal years.

- **Support for Law Library**—An increase of $462,000 ongoing General Fund to support and expand the Witkin State Law Library and its personnel.
- **California History Room**—An increase of $597,000 General Fund, $357,000 of which is ongoing, to expand the California History Room Special Collections and provide personnel support.
- **Internal Audit**—An increase of $168,000 ongoing General Fund to support a State Library Audit Program.