

HIGHER EDUCATION

Higher 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 May Revision includes \$18.6 billion General Fund and local property tax for all higher education entities in 2020-21.

EQUITY AND ACCESS

FINANCIAL AID COMMITMENT

The May Revision reflects the Administration's commitment to supporting equity and access at the UC, CSU, and CCCs. The May Revision maintains the state's investment in two years of free community college while also providing students with continued access to major financial aid programs, including the California College Promise fee waiver, Cal Grant awards, the students with dependent children Cal Grant supplement, and the Middle Class Scholarship. Protecting these programs ensures that hundreds of thousands of low and middle income Californians can still attend a CCC, CSU, or UC campus without the burden of paying tuition.

EXPANDING ACCESS THROUGH TECHNOLOGY AND INNOVATIVE PRACTICES

The May Revision reflects the state's need to accommodate more students while resources are constrained. Although the economic response from the

COVID-19 pandemic will constrain the state's financial resources, the number of students seeking to enroll at UC, CSU, and CCC campuses is expected to grow in the coming years. CCCs, in particular, will likely see notable increases because their enrollment tends to rise when economic challenges emerge.

The Administration expects that the UC, CSU, and CCCs will continue to work toward maximizing access and maximizing equity, even in an era of constrained state resources. Each segment is expected to harness its innovative strength in order to:

- Create, expand, and continually improve the quality of online educational opportunities that are broadly accessible.
- Adopt policies that better enable underrepresented students interested in job reskilling to enroll in college courses and programs.
- Collaboratively adopt the use of a common online learning management system, for example, Canvas, which is already used by over 80 percent of the UC, CSU, and CCCs.
- Expand opportunities for competency-based education and for credit-by-exam to enable students to earn credit for a broader range of previous experiences, including on-the-job training, internships, military service, or independent efforts.
- Collaboratively develop a common approach to awarding credit for similar learning outcomes, regardless of which segment or campus was involved.
- Establish system-wide policy goals in the following areas:
 - The percentage of courses using open educational resources and offered online.
 - The percentage of students earning credit through competency-based education and/or credit by exam.
 - Providing registration priority to underrepresented students.
- Maintain or further invest in programs that support students' basic needs particularly for underrepresented students.

USE OF RESTRICTED FUND SOURCES

Numerous statutes authorize the CSU and the CCCs to charge fees to support specific operating and/or enterprise activities, such as campus health services, student parking, student housing, and meal services. The UC's broad autonomy also enables the UC to

charge similar fees. To assist the UC, CSU, and CCCs, the Administration will pursue statutory changes to enable the UC, CSU and CCCs to use restricted fund balances, except lottery balances, to address COVID-19 related impacts and the loss of revenue from university enterprise functions.

Coupled with this, restricted fund balance flexibility would be a requirement for the CSU and the CCCs, and a request of the UC, that any restricted fund balances first be used to mitigate the impacts to programs and services that predominantly support underrepresented student access to, and success at, a college or university, and to expand the number of students annually served in online courses and programs.

Additionally, the Administration will pursue statutory changes authorizing the UC to temporarily use the savings from the refinancing of specified debt to address COVID-19 related impacts and the loss of revenue from university enterprise functions.

FEDERAL CARES ACT FUNDS

The CARES Act included a national total of \$30.8 billion to support an Education Stabilization Fund. Of this funding, roughly \$14 billion is allocated to a Higher Education Emergency Relief Fund, roughly \$13.2 billion is allocated to an Elementary and Secondary School Emergency Relief Fund and \$3 billion is allocated to a Governor's Emergency Education Relief Fund. The UC, CSU, and CCC's are expected to receive at least \$260 million, \$525 million, and \$579 million, respectively, from the Higher Education Emergency Relief Fund. The federal methodology for allocating these funds to schools and institutions varies, and institutions of higher education are required to expend half of the higher education funds to provide emergency grants to students. The Administration expects CCCs, CSU, and UC to set-aside a portion of the funding for emergency grants to students to provide emergency grant assistance to foster youth.

UNIVERSITY OF CALIFORNIA

Consisting of ten campuses, the UC is the primary institution authorized to independently award doctoral degrees and professional degrees. The UC educates approximately 280,000 undergraduate and graduate students and receives the highest state subsidy per student among the state's three public higher education segments. In 2018-19, the UC awarded 77,000 degrees. An additional 400,000 students participate in continuing education programs through the university extensions.

Significant Adjustments:

HIGHER EDUCATION

- UC PATH—Increase the authorization for the UC Office of the President to assess campuses to support UC PATH from \$15.3 million to \$46.8 million and include provisional language requiring the UC Office of the President to collaborate with campuses to maximize their use of non-core funds to support the assessment.
- Graduate Medical Education—An increase of \$1.5 million ongoing General Fund to maintain the Proposition 56 Graduate Medical Education Program at an ongoing total of \$40 million.
- UC Riverside School of Medicine—Maintain \$11.3 million ongoing General Fund to support the current operations of the UC Riverside School of Medicine.
- UC San Francisco School of Medicine Fresno Branch Campus—Maintain \$1.2 million ongoing General Fund to support the UC San Francisco School of Medicine Fresno Branch Campus in partnership with UC Merced.
- Subject Matter Project—\$6 million federal funds to support subject matter projects to address learning loss in mathematics, science, and English/language arts resulting from the COVID-19 pandemic.
- Animal Shelter Grant Program—Maintain \$5 million one-time General Fund for an animal shelter grant demonstration project.

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- \$169.2 million ongoing General Fund to support a 5-percent UC base increase.
- \$3.6 million ongoing General Fund to support a 5-percent UC Division of Agriculture and Natural Resources base increase.
- \$3 million ongoing General Fund to establish the Center for Public Preparedness Multi-Campus Research Initiative.
- \$4 million one-time General Fund to support degree and certificate completion programs at UC extension centers.
- \$1.3 million one-time General Fund to support a UC Subject Matter Project in computer science.

Absent additional federal funds, the COVID-19 Recession makes the following reductions necessary to balance the state budget. These reductions will be triggered off if the federal government provides sufficient funding to restore them:

- A decrease of \$338 million ongoing General Fund to reflect a 10-percent reduction in support of UC. In implementing this reduction, the Administration expects UC to minimize the impact to programs and services serving underrepresented students and student access to the UC.
- A decrease of \$34.4 million ongoing General Fund to reflect a 10-percent reduction in support of UC, UC Office of the President, UC PATH, and the UC Division of Agriculture and Natural Resources.
- A decrease of \$4 million limited-term General Fund provided to support summer term financial aid.

CALIFORNIA STATE UNIVERSITY

The CSU serves approximately 410,000 undergraduate students across 23 campuses and receives funding from a variety of sources, including state General Fund, federal funds, lottery funds, and student tuition and fees. In 2018-19, the CSU awarded over 127,000 degrees. The CSU also provides opportunities for residents to enroll in professional and continuing education programs.

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- \$199 million ongoing General Fund to support a 5-percent increase in base resources.
- \$6 million one-time General Fund to support degree and certificate completion programs.

Absent additional federal funds, the COVID-19 Recession makes the following reductions necessary to balance the state budget. These reductions will be triggered off if the federal government provides sufficient funding to restore them:

- A decrease of \$398 million ongoing General Fund to reflect a 10-percent reduction in support for the CSU. In implementing this reduction, the Administration expects the CSU to minimize the impact to programs and services serving underrepresented students and student access to the CSU.

- A decrease of \$6 million limited-term General Fund provided to support Summer Term Financial Aid.

CALIFORNIA COMMUNITY COLLEGES

The CCCs are the largest system of higher education in the nation, serving roughly one-quarter of the nation's community college students, or approximately 2.1 million students. The CCCs provide basic skills, career education, and undergraduate transfer education with 73 districts, 115 campuses, and 78 educational centers. In 2018-19, the community colleges awarded more than 98,000 certificates, 186,000 degrees and transferred about 103,000 students to four-year institutions.

OTHER COMMUNITY COLLEGE FLEXIBILITIES

To assist CCCs in their recovery from the impacts of the COVID-19 pandemic and provide CCCs with additional near term certainty, the May Revision proposes statutory changes to:

- Exempt direct COVID-19 related expenses incurred by districts from the 50 Percent Law. This would not include revenue declines.
- Suspend procedures regarding the development of short-term career technical education courses and programs to expedite the offering of these programs and courses.
- Reflect the revised 2019-20 Student Centered Funding Formula rates.
- Further utilize past-year data sources that have not been impacted by COVID-19 within the Student Centered Funding Formula.
- Extend the Student Centered Funding Formula hold harmless provisions for an additional two years and require reductions to the Student Centered Funding Formula that are necessary to balance the budget to be proportionately applied to all CCCs by reducing the Formula's rates, stability, and hold harmless provisions.

Significant Adjustments:

- The May Revision sustains support for two years of free community college, for the Student Success Completion Grants, sustains several categorical programs at current funding levels, including the Educational Opportunity Programs and Services

Program and the Disabled Students Programs and Services Program, and sustains the proposal to provide \$10 million ongoing Proposition 98 General Fund to support immigrant legal services.

- The May Revision maintains \$106.4 million Proposition 98 General Fund to support the proposed CCC System Support Program.
- Other adjustments:
 - An increase of \$130.1 million Proposition 98 General Fund as a result of decreased offsetting local property tax revenues.
 - A decrease of \$11.4 million ongoing Proposition 98 General Fund to establish or support food pantries at community college campuses. The May Revision proposes statutory changes to support community college food pantries within available Student Equity and Achievement Program funding.
 - A decrease of \$5.8 million ongoing Proposition 98 General Fund to support Dreamer Resource Liaisons. The May Revision proposes statutory changes to support Dreamer Resource Liaisons within available Student Equity and Achievement Program funding.
 - Deferral of \$330.1 million Proposition 98 General Fund from 2019-20 to 2020-21.
 - Deferral \$662.1 million Proposition 98 General Fund from 2020-21 to 2021-22.
- CCC Facilities—Including projects proposed at the Governor's Budget, the May Revision proposes total 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 2020. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- \$700,000 one-time General Fund provided to the Chancellor's Office to convene a working group and develop the report required by SB 206. The Administration expects the Chancellor's Office to seek private philanthropy to support the work group and to develop the required report.

HIGHER EDUCATION

- \$15 million one-time Proposition 98 General Fund for a faculty pilot fellowship program.
- \$10 million one-time Proposition 98 General Fund for part-time faculty office hours.
- \$10 million one-time Proposition 98 General Fund to develop and implement zero-textbook cost degrees.
- \$5 million ongoing Proposition 98 General Fund to provide instructional materials for dual enrollment students.
- \$9.3 million ongoing Proposition 98 General Fund, of which \$0.1 million is attributable a revised cost-of-living adjustment at the May Revision, for a 2.31 percent cost-of-living adjustment for various categorical programs.

Absent additional federal funds, the COVID-19 Recession makes the following reductions necessary to balance the state budget. These reductions will be triggered off if the federal government provides sufficient funding to restore them:

- \$167.7 million ongoing Proposition 98 General Fund, of which \$0.6 million is attributable a revised cost-of-living adjustment at the May Revision, for a 2.31 percent cost-of-living adjustment for apportionments.
- \$31.9 million ongoing Proposition 98 General Fund for enrollment growth.
- \$83.2 million Proposition 98 General Fund, of which \$40.4 million was one-time, for support of apprenticeship programs, the California Apprenticeship Initiative, and work-based learning models.
- Decreasing available Student Centered Funding Formula Proposition 98 General Fund by \$593 million Proposition 98 General Fund, or roughly 10 percent when combined with a foregone cost-of-living adjustment. To maintain student access to CCCs, the Administration proposes statute to proportionally reduce district allocations through adjustments to the Formula's rates, stability provisions, and hold harmless provisions.
- Decreasing support for the CCC Strong Workforce Program by \$135.6 million Proposition 98 General Fund.
- Decreasing support for the Student Equity and Achievement Program by \$68.8 million Proposition 98 General Fund.

- Decreasing Support for the Part-Time Faculty Compensation, Part-Time Faculty Office Hours, and the Academic Senate of the CCCs by \$7.3 million Proposition 98 General Fund.
- Reducing Support for Calbright College by \$3 million Proposition 98 General Fund.

The May Revision also proposes to defer \$330 million from 2019-20 to 2020-21 and \$662.1 million from 2020-21 to 2021-22. These deferrals will help to maintain programs given the magnitude of the reduction proposed to the schools. Also, the community colleges will benefit from supplemental payments to increase the Proposition 98 guarantee starting in 2021-22.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers financial aid programs, including the Cal Grant program and the Middle Class Scholarship Program. The state's Cal Grant program is estimated to provide over 394,000 financial aid awards to students who meet specified eligibility criteria in 2019-20.

The Administration remains committed to fostering equity and access within the state's higher education institutions. In an effort to support college affordability, the May Revision maintains all financial aid programs, adjusted for caseload.

Significant Adjustments:

- Cal Grant Program Costs—An increase of \$599.7 million General Fund in 2020-21 to account for the following:
 - Participation Estimates—A decrease of \$348,000 in 2020-21 to reflect a decrease in the estimated number of new recipients in 2019-20. The May Revision also reflects increased costs of \$11.89 million in 2019-20.
 - Temporary Assistance for Needy Families Reimbursements (TANF)—A decrease of \$600 million in 2020-21, which increases the amount of General Fund needed for program costs by a like amount. This is a technical adjustment and reflects increased TANF needed in the state's CalWORKs program.
- Tuition Award for Students at Private Nonprofit Institutions—A decrease of \$8.9 million General Fund to reflect the reduction of the maximum Cal Grant award for private nonprofit institutions from \$9,084 to \$8,056. Current law specified the application of

this adjustment because required students with associates degree for transfer admittance levels were not met.

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn or modified from the Governor's Budget:

- \$1.8 million limited-term to support new leased space for the California Student Aid Commission's headquarters
- \$88.4 million one-time General Fund provided in the 2019 Budget Act to support the Golden State Teacher Grant Program
- \$15 million one-time General Fund provided in the 2019 Budget Act to support the Child Savings Accounts Grant Program
- \$4.5 million one-time General Fund to revise the proposal for the Student Debt Loan Work group and Outreach to only support the work group, and no longer provide outreach grants to higher education institutions

HASTINGS COLLEGE OF THE LAW

Hastings College of the Law 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 has masters programs. In 2018-19, Hastings enrolled 964 full-time equivalent students. Of these, 940 were Juris Doctor students.

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposal is withdrawn from the Governor's Budget:

- \$1.4 million ongoing General Fund to support operational costs

Absent additional federal funds, the COVID-19 Recession makes the following reductions necessary to balance the state budget. This reduction will be triggered off if the federal government provides sufficient funding to restore it:

- A decrease of \$1.5 million ongoing general fund to reflect a 10-percent reduction in support of the Hastings College of the Law.

CALIFORNIA STATE LIBRARY

The California State Library serves as the central reference and research library for the Governor and Legislature. Additionally, the State Library provides critical assistance to the 186 library jurisdictions and nearly 1,128 libraries across the state.

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposals are withdrawn from the Governor's Budget:

- \$1 million one-time General Fund to support the Lunch at the Library program
- \$1 million one-time General Fund to support the Online Services (Zip Books) program
- \$132,000 ongoing General Fund to support a Director of Legislative Affairs position at the State Library

Absent additional federal funds, the COVID-19 Recession makes the following reduction necessary to balance the state budget. This reduction will be triggered off if the federal government provides sufficient funding to restore it:

- A decrease of \$1.75 million ongoing General Fund to reduce funding to the Library Services Act

SCHOLARSHARE INVESTMENT BOARD

The ScholarShare Investment Board administers the Golden State ScholarShare 529 College Savings Trust Program, the Governor's Scholarship Programs, and the California Memorial Scholarship Program.

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. The following proposal is withdrawn from the Governor's Budget:

- A decrease of \$15 million one-time General Fund provided in the 2019 Budget Act to support the Child Savings Accounts Grant Program

FRESNO DRIVE

The May Revision maintains \$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. While the Administration recognizes the significance of this project to economic development, the state is not in the fiscal condition to allocate funding levels proposed in the Governor's Budget and the May Revision proposes reducing the remaining funding allocated for this project as follows:

- \$31 million one-time General Fund to support the Fresno-Merced Food Innovation Corridor concept
- \$17 million one-time General Fund to support a plan to design educational pathways to improve social and economic mobility in the greater Fresno Region. The Collaborative is expected to receive a grant from the funding allocated in the 2019-20 budget for Innovation Grants