

HIGHER EDUCATION

Higher Education includes the University of California (UC), the California State University (CSU), the California Community Colleges, the California Student Aid Commission (CSAC), and the Hastings College of the Law.

The Budget includes total funding of \$23.1 billion (\$11.6 billion General Fund and \$11.5 billion other funds) for all programs included in these agencies.

UNIVERSITY OF CALIFORNIA

Drawing from the top 12.5 percent of the state's high school graduates, UC educates approximately 237,800 undergraduate and graduate students at its ten campuses and is the primary institution authorized to independently award doctoral degrees and professional degrees in law, medicine, business, dentistry, veterinary medicine, and other programs. UC manages one U.S. Department of Energy national laboratory and partners with private industry to manage two others. UC also operates five medical centers that support the clinical teaching programs of the UC's medical and health sciences schools that handle more than 3.8 million patient visits each year.

OTHER CHANGES:

- *Eliminate Restrictions in UC's Budget*—The Budget removes various set-asides for specific programs and purposes, such as the Drew Medical Program, AIDS research, UC Merced, the Institutes for Science and Innovation, and the Summer School for

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Mathematics and Science. Also, the Budget does not contain enrollment targets. The removal of these set-asides provides UC with greater flexibility to manage its \$750 million ongoing 2011-12 budget reduction.

- *Maintain Systemwide Tuition and Fees at 2011-12 Levels*—The Budget includes an increase of \$125 million General Fund in 2013-14 if UC maintains systemwide tuition and fees at 2011-12 levels (\$12,192) for 2012-13 and if the Governor’s tax initiative is approved by the voters at the November 2012 statewide general election.
- *Trigger Reduction*—The Budget includes a decrease of \$250 million General Fund in 2012-13 for an unallocated reduction if the Governor’s tax initiative is not approved.
- *Retirement Funding*—The Budget includes an ongoing increase of \$89.1 million for retirement program contributions.

CALIFORNIA STATE UNIVERSITY

Drawing students from the top one-third of the state’s high school graduates, as well as transfer students who have successfully completed specified college work, CSU provides undergraduate degrees in a broad range of disciplines and graduate instruction through master’s degrees and independently awards doctoral degrees in education, nursing practice, and physical therapy, or jointly with UC or private institutions in other fields of study. The CSU has 23 campuses and approximately 426,400 students. The CSU grants more than one-half of the state’s bachelor’s degrees and one-third of the state’s master’s degrees. It also produces over 50 percent of California’s teachers.

OTHER CHANGES:

- *Eliminate Set-Asides in CSU’s Budget*—The Budget removes various set-asides for specific programs and purposes, such as the Science and Math Teacher Initiative and nursing programs administered by CSU. Also, the Budget does not contain enrollment targets. The removal of these set-asides provides CSU with greater flexibility to manage its \$750 million ongoing 2011-12 budget reduction.
- *Maintain Systemwide Tuition and Fees at 2011-12 Levels*—The Budget includes an increase of \$125 million General Fund in 2013-14 if CSU maintains systemwide tuition and fees at 2011-12 levels (\$5,472) for 2012-13 and if the Governor’s tax initiative is approved by the voters at the November 2012 statewide general election.

- *Trigger Reduction*—The Budget includes a decrease of \$250 million General Fund in 2012-13 for an unallocated reduction if the Governor’s tax initiative is not approved.

CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges are publicly supported local agencies that provide educational and vocational programs to approximately 2.6 million students. The Community College system is the largest system of higher education in the world, with 72 districts, 112 campuses, and 71 educational centers. By providing education, training, and services, the Community Colleges contribute to continuous workforce improvement. The Community Colleges also provide remedial instruction for hundreds of thousands of adults across the state through basic skills courses and adult non-credit instruction.

OTHER CHANGES:

- *Apportionments*—The Budget includes an increase of \$159.9 million Proposition 98 General Fund in 2012-13 for apportionment funding that will retire apportionment deferrals. Also, \$50 million will be available for general apportionment growth. Both of these apportionment adjustments are contingent on voter approval of the Governor’s tax initiative at the November 2012 statewide general election.
- *Trigger Reduction*—The Budget includes a decrease of \$548.5 million Proposition 98 General Fund in 2012-13 for apportionment funding if the Governor’s tax initiative is not approved by the voters at the November 2012 statewide general election. Of this amount, \$159.9 million would continue apportionment deferrals and \$388.6 million would be for an unallocated apportionment reduction.
- *Mandates Block Grant*—An increase of \$23.8 million Proposition 98 General Fund over the 2011-12 funding level, to provide a total of \$33.3 million for community college mandates through a new voluntary block grant. Participating community colleges would receive \$28 per student. Community Colleges that choose not to participate in the block grant program would retain their right to submit claims for reimbursement, subject to audits by the State Controller.
- *Redevelopment Agency Revenue*—The Budget includes \$451.1 million in 2012-13 to reflect revenue from the elimination of redevelopment agencies. Of this amount, \$211.5 million is from the liquidation of cash assets. In the event that a portion

of these revenues does not materialize for Community Colleges, the state will supplement with Proposition 98 General Fund to ensure that no negative fiscal effect will be borne by the Community Colleges.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers state financial aid to students attending all 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, and the Assumption Program of Loans for Education. Over 91,000 students received new Cal Grant awards, and over 144,000 students received renewal awards in 2010-11.

ADOPTED SOLUTIONS:

- *Restrict Cal Grant Program Participation to Institutions that Meet a New Graduation Rate Standard*—The Budget includes a decrease of \$55 million General Fund in 2012-13 to reflect: (1) a 30-percent minimum graduation rate standard for all participating Cal Grant institutions and (2) a reduction in the maximum student loan cohort default rate allowable by a participating Cal Grant institution from 30 percent to 15.5 percent. Loan cohort default rates measure the percentage of an institution's borrowers who, upon entering student loan repayment, default within three years. For 2012-13, any institution that drops below the graduation rate or exceeds the loan default rate will be prohibited from receiving Cal Grant program funds for new students and will receive 20 percent of the grant amount for continuing students for one academic year. Beginning in 2013-14, any institution that drops below the graduation rate or exceeds the loan default rate will be prohibited from receiving Cal Grant program funds for both new and continuing students for one academic year. These requirements will not apply to any institution with 40 percent or fewer of their students borrowing federal student loans to attend college, such as community colleges.
- *Across the Board Reduction of Cal Grant Awards by Five Percent*—The Budget includes a decrease of \$22.6 million General Fund in 2012-13 by reducing the private, for-profit and private, non-profit institution award from \$9,708 to \$9,223, the Cal Grant B access award from \$1,551 to \$1,473, the Cal Grant C tuition and fee award from \$2,592 to \$2,462, and the Cal Grant C book and supply award from \$576 to \$547.

- *Change Cal Grant Award Amount for Private, For-Profit Institutions*—The Budget includes statutory changes that will lower the award amount for students attending private, for-profit schools to \$4,000 in 2013-14. This is expected to save \$12 million General Fund in 2013-14.
- *Change Cal Grant Award Amount for Private, Non-Profit Institutions*—The Budget includes statutory changes that will lower the award amount for students attending private, non-profit schools to \$9,084 in 2013-14 and to \$8,056 in 2014-15. This is expected to save \$4 million General Fund in 2013-14 and \$15 million General Fund in 2014-15.
- *Phase Out Student Loan Assumption Programs for Teachers and Nurses*—The Budget eliminates all new awards while continuing to fund remaining renewal awards. This is expected to save \$5.6 million General Fund beginning in 2013-14.
- *Offset Cal Grant Costs with Federal Temporary Assistance for Needy Families (TANF) Reimbursements*—The Budget includes \$803.8 million reimbursements in 2012-13 to reflect TANF funds available through an interagency agreement with the Department of Social Services. The TANF funds offset Cal Grant General Fund costs.
- *Offset Cal Grant Costs with Student Loan Operating Fund*—The Budget includes \$84.7 million Student Loan Operating Fund to offset Cal Grant program General Fund costs.