

June 1, 2015

Higher Education: Overview of Conference Issues

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:
Budget Conference Committee
Hon. Mark Leno, Chair



Summary of Higher Education Plans

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- ☑ ***Both Houses Funded Above Governor’s May Revision Level.*** The Senate provided a total of \$105 million General Fund more than the Governor—\$136 million more for the California State University (CSU), offset by \$31 million in financial aid reductions. The Assembly provided a total of \$258 million General Fund more than the Governor—\$36 million more for the University of California (UC), \$85 million more for CSU, and \$137 million more for financial aid.
- ☑ ***Both Houses Redirected Funding.*** Both houses rejected the Governor’s Awards for Innovation proposal and funded deferred maintenance at CSU. The Senate plan also redirected funding from Middle Class Scholarships to CSU and other financial aid programs.
- ☑ ***Both Houses Adopted Trailer Bill Language.*** The Senate adopted trailer bill language extending the College Access Tax Credit program by one year and making the program continuously appropriated. The Assembly adopted trailer bill language providing CSU with flexibility on its investment decisions and requiring the LAO to assess the need for new UC and CSU campuses.

Summary of Higher Education Plans

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Overview of Higher Education General Fund Actions				
<i>(In Millions)</i>				
	Governor	Senate	Assembly	Difference (Senate-Assembly)
University of California (UC)				
Base augmentation	\$119.5	\$119.5	\$154.5	-\$35.0
Marine Mammal Grants	0.0	0.0	1.0	
Subtotals	(\$119.5)	(\$119.5)	(\$155.5)	(\$-36.0)
California State University (CSU)				
Base augmentation	\$157.5	\$268.5	\$216.5	\$52.0
Eligibility study	0.0	1.0	0.0	1.0
Deferred maintenance	0.0	24.0	25.0	-1.0
New engineering school	0.0	0.0	0.5	-0.5
Center for California Studies	0.2	0.2	0.7	-0.5
Subtotals	(\$157.7)	(\$293.7)	(\$242.7)	(\$51.0)
Financial Aid				
Middle Class Scholarship	\$0.0	-\$104.0	\$0.0	-\$104.0
Cal Grant B Access Award	0.0	0.0	69.0	-69.0
Competitive Cal Grants	0.0	18.0	68.0	-50.0
CSU Graduation Incentive Grants	0.0	50.0	0.0	50.0
Dream Loan	0.0	5.0 ^a	0.0	5.0
APLE	0.0	0.0	— ^b	0.0
Subtotals	(\$0.0)	(\$-31.0)	(\$137.0)	(\$-168.0)
Totals	\$277.2	\$382.2	\$535.2	-\$153.0

^a Provides \$2.5 million to each UC and CSU to administer the loan program.
^b Authorizes 1,000 new loan assumptions but assumes no costs in 2015-16.
 APLE = Assumption Program of Loans for Education.

Summary of Houses' Priorities for UC and CSU Base Augmentations

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- Houses Have Similar Priorities for UC but Set Different Conditions on Funding.*** Both houses established enrollment targets but differed on the level of enrollment. Both houses required UC to fund part of resident enrollment growth by increasing nonresident supplemental tuition, with the Senate assuming a higher nonresident tuition increase. Both houses also required UC to redirect financial aid spending on nonresident students toward expanding student support and course offerings. The Assembly also added other conditions related to budgetary transparency and cost reductions.

- Houses Have Similar Priorities for CSU but Differed in Funding for Student Support Services.*** The houses established similar enrollment targets for CSU but differed in the amount of funding they provided for student support services.

Summary of Houses' Priorities for UC and CSU Base Augmentations

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Both Houses Placed Conditions on UC and CSU Base Augmentations		
	Senate	Assembly
University of California (UC)		
Base Augmentation	Made \$119.5 million base increase contingent upon three conditions being met.	Required \$35 million of \$154.5 million base increase be withheld until June 1, 2016, after eight conditions are met.
(1) Resident enrollment	Specified increase of 2,400 FTES in 2015-16.	Specified increase of 8,000 FTES by 2016-17.
(2) Nonresident enrollment	—	Assumed held flat from 2015-16 to 2016-17.
(3) Resident tuition	—	Assumed held flat in 2015-16 and 2016-17.
(4) Nonresident supplemental tuition	Specified increase of 12 percent, with some funding used to support enrollment growth.	Specified increase of 8 percent, with some funding used to support enrollment growth.
(5) Student support and course offerings	Redirected nonresident financial aid to enhance academic quality, student support, and course offerings.	Redirected nonresident financial aid to summer course offerings for resident students.
(6) Cost reductions	—	Specified UC to reduce nonacademic costs by \$10 million by 2016-17.
(7) Report on personnel	—	Specified UC to post information on management subcategories online.
(8) Report on educational costs	—	Specified UC to report on all funds used to support educational costs by December 1, 2015.
California State University (CSU)		
Base Augmentation	Provided \$268.5 million base increase, with two earmarks.	Provided \$216.5 million base increase, with one condition and one earmark.
(1) Resident enrollment	Earmarked \$74 million to increase enrollment by 10,000 FTES.	Specified increase of 10,400 FTES.
(2) Student Support Services	Earmarked \$75 million for these services.	Earmarked \$38 million for these services.

FTES = full-time equivalent student.