

Overview of University and Financial Aid Issues

PRESENTED TO:

Budget Conference Committee
Hon. Holly J. Mitchell, Chair



LEGISLATIVE ANALYST'S OFFICE

LAO Comparing Higher Education Spending

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<i>General Fund (In Millions)</i>				
	Governor	Senate	Assembly	Difference^a
California State University				
Ongoing	\$4,326	\$4,379	\$4,328	\$51
One time	265	275	300	-25
University of California				
Ongoing	\$3,719	\$3,749	\$3,719	\$30
One time	182	258	313	-55
California Student Aid Commission				
Ongoing	\$1,587	\$1,587	\$1,598	-\$11
One time	151	116	161	-45
Other				
Education innovation grants (one time)	\$10	\$10	—	\$10
Totals	\$10,240	\$10,373	\$10,419	-\$46
Ongoing	\$9,632	\$9,715	\$9,645	\$70
One time	608	659	774	-115

^a Compares Senate to Assembly.



Universities: Major Commonalities and Differences

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- ***Both Houses Approve Spending Increases in Key Areas.*** Both houses adopt the Governor’s proposals to fund compensation and other operational cost increases, student hunger and homelessness initiatives, and deferred maintenance.
- ***Both Houses Fund Enrollment Growth, but at Different Levels.*** For California State University (CSU) undergraduates, the Senate adopts 2.7 percent growth, whereas the Assembly adopts the Governor’s proposed 2 percent growth. For University of California (UC) undergraduates, the Senate adopts 0.5 percent growth, whereas the Assembly approves 1.3 percent growth. (The Governor funds no growth at UC in 2019-20.) For UC, the houses also differ on graduate student enrollment growth and per-student funding rates.
- ***Both Houses Provide Additional Funding for CSU’s Graduation Initiative.*** Both houses adopt the Governor’s proposed \$45 million ongoing General Fund and provide an additional \$30 million. The Senate’s \$30 million augmentation is ongoing, whereas the Assembly’s is one time.
- ***Assembly Rejects Funding for UC’s New Student Success Initiative.*** The Senate approves the Governor’s proposed \$50 million ongoing General Fund for this initiative, whereas the Assembly rejects the proposal—freeing up the funds for other higher education priorities.
- ***Both Houses Reject UC Extended Education Proposal.*** This action frees up \$15 million one-time funding that the houses use for other higher education priorities.



Universities: Other Notable Commonalities and Differences

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■ ***Houses Differ on Some Priorities.***

- The Senate’s priorities include:
 - Expanding facilities and operations for the UC Riverside School of Medicine.
 - Funding enrollment growth in certain CSU education specialist programs.
 - Supporting research on labor issues at UC.
- The Assembly’s priorities include:
 - Providing unrestricted one-time funding to UC.
 - Funding equal employment opportunity best practices at UC.
 - Creating a new CSU center focused on closing K-12 achievement gaps.

- ***Houses Share Some Priorities but Differ on the Details.*** In some areas, both houses provide funding but differ on the dollar amounts, the conditions they place on the funding, or which specific programs are funded. These programmatic differences include delivery of student mental health services, the conditions for UC’s one-time pension funding, the scope of a CSU new campus study, support services for formerly incarcerated students, and diagnostic services for K-12 students with learning disabilities.



California State University: Detailed Budget Comparison

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<i>General Fund (In Millions)</i>				
	Governor	Senate	Assembly	Difference^a
New Ongoing Spending				
Graduation Initiative	\$45	\$75	\$45	\$30
Enrollment growth	62	85	62	23
Project Rebound	1	1	3	-2
Capital Fellows Program	—	— ^b	—	— ^b
Compensation and other operational costs	193	193	193	—
Pension costs	39	39	39	—
Retiree health benefit costs	20	20	20	—
Student rapid rehousing initiatives	7	7	7	—
Subtotals ^c	(\$367)	(\$420)	(\$369) ^d	(\$51)
One-Time Spending				
Graduation Initiative	—	—	\$30	-\$30
Project Rebound	—	\$6	—	6
Enrollment growth in education specialist programs	—	3	—	3
Center to Close Achievement Gaps	—	—	3	-3
First Star foster youth cohort at CSU Sacramento	\$1	—	1	-1
Deferred maintenance	247	247	247	—
Student Basic Needs Partnership Initiative	15	15	15	—
New campus study	2	4	4	—
Subtotals	(\$265)	(\$275)	(\$300) ^d	(\$25)
Totals	\$631	\$694	\$669	\$26

^a Compares Senate to Assembly.
^b Senate provides \$107,000 for this program.
^c The Governor and both houses also provide \$7 million General Fund ongoing to the Department of Social Services for on-campus immigrant legal services.
^d Assembly also provides \$3 million ongoing and \$5 million one-time Mental Health Services Fund for on-campus student mental health services.



University of California: Detailed Budget Comparison

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<i>General Fund (In Millions)</i>				
	Governor	Senate	Assembly	Difference^a
New Ongoing Spending				
Student success initiatives	\$50	\$50	—	\$50
Enrollment growth in 2019-20	—	10	\$45	-35
UC Riverside medical school operations	—	25	—	25
Student mental health services	5	—	5 ^b	-5
Equal employment opportunity best practices	—	—	5	-5
Compensation and other operational costs	120	120	120	—
Graduate medical education	40	40	40	—
Student food and housing initiatives	19	19	19	—
Additional enrollment in 2018-19	10	10	10	—
Subtotals	(\$244)	(\$273)	(\$244)	(\$30)
One-Time Spending				
Unrestricted	—	—	\$95	-\$95
New UC Riverside medical school building	—	\$80	—	80
Deferred maintenance and seismic renovations	\$138	138	188	-50
Outreach to low-income high school students	—	8	—	8
UC Berkeley Labor Center	—	2	—	2
Underground Scholars Initiative	—	— ^c	—	— ^c
Unfunded pension liabilities	25	25	25	—
Extended education	15	—	—	—
Dyslexia Center pilot/Neurodiversity Collaborative	4	4	4	—
Statewide redistricting database	—	2	2	—
Subtotals	(\$182)	(\$258)	(\$313)	(\$55)
Totals	\$425	\$531	\$557	-\$26

^a Compares Senate to Assembly.
^b The Assembly also provides \$2 million ongoing and \$3 million one-time Mental Health Services Fund for on-campus student mental health services.
^c Senate provides \$250,000 for this initiative.



Financial Aid: Major Commonalities and Differences

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- ***Both Houses Fund Caseload Increases.*** Both houses adopt the Governor’s proposed caseload estimates for the Cal Grant program, Middle Class Scholarship program, and other financial aid programs.
- ***Both Houses Redirect Governor’s Proposed Funding for Student Parents Toward Other Cal Grant Priorities.*** The Senate uses freed-up funds to add 14,000 competitive Cal Grant awards and increase the maximum Cal Grant B access award amount by \$188. The Assembly uses freed-up funds to add 40,000 competitive Cal Grant awards. Both houses also change policy such that summer Cal Grant awards no longer count toward the cap on total Cal Grant benefits.
- ***Both Houses Focus on Teacher Shortages and College Savings Accounts, but Proposals Differ on the Details.*** For teacher shortages, the Senate adopts the Governor’s proposal to create a *loan repayment* program targeting teachers serving in *certain schools*, whereas the Assembly creates a *grant* program for students pursuing teaching credentials in *certain subject areas*. For college savings accounts, the Senate provides \$20 million for grants to local entities, whereas the Assembly provides \$50 million to fund both a statewide college savings initiative and local grants.
- ***Assembly Adopts Several Cal Grant Changes for Undocumented Students.*** These changes consist of (1) providing additional aid for undocumented Cal Grant B recipients who participate in community service, (2) allowing undocumented students to apply for competitive awards, and (3) reducing the years a student must enroll in a California high school to be exempt from nonresident tuition charges and eligible for state financial aid.



California Student Aid Commission: Detailed Budget Comparison

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<i>General Fund (In Millions)</i>				
	Governor	Senate	Assembly	Difference^a
Local Assistance				
New ongoing spending				
Additional Cal Grant competitive awards	\$12	\$55	\$103	-\$48
Increase in Cal Grant B access award	—	43	—	43
Cal Grant B Service Incentive Program	—	—	9	-9
Expanded summer Cal Grant eligibility	—	10	7	3
Cal Grant caseload adjustments ^b	149	149	149	—
Nontuition Cal Grant coverage for student parents	97	—	—	—
Other caseload adjustments ^c	2	2	2	—
One-time spending				
Teacher loan repayment program	90	90	—	90
Golden State Teacher Grant Program	—	—	90	-90
Statewide child savings account initiative	—	—	25	-25
Student Opportunity and Access Program augmentation	—	—	10	-10
Local grants for child savings accounts	50	20	25	-5
Subtotals	(\$399)	(\$369)	(\$420)	(\$-51)
State Operations				
Student Loan Awareness Initiative (one time)	\$5	—	\$5	-\$5
Grant Delivery System modernization (one time)	6	\$6	6	—
Other administrative costs (ongoing and one time)	1	— ^d	— ^d	—
Subtotals	(\$12)	(\$7)	(\$12)	(\$-5)
Totals	\$411	\$376	\$432	-\$56
New ongoing spending	\$260	\$260	\$271	-\$11
One-time spending	151	116	161	-45

^a Compares Senate to Assembly.
^b Includes \$5.9 million General Fund to offset decrease in federal Temporary Assistance for Needy Families funds.
^c Consists of Middle Class Scholarship, Assumption Program of Loans for Education, State Nursing Assumption Program of Loans for Education, and Law Enforcement Personnel Dependents.
^d Governor provides \$808,000, whereas both houses provide \$394,000.