

March 18, 2009

Higher Education Overview Of the Budget Act of 2009-10

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Assembly Budget Subcommittee No. 2

Wilmer Amina Carter, Chair





Overall Funding to Increase 3.4 Percent

Higher Education Budget, as of February 2009 Budget Package					
<i>Selected Funds (Dollars in Millions)</i>					
	2007-08	2008-09 Revised	2009-10 Enacted	Change From 2007-08	
				Amount	Percent
University of California					
General Fund	\$3,257.4	\$3,135.0	\$2,932.6 ^a	-\$324.8	-10.0%
Fee revenue	1,593.1	1,734.7	1,903.1	310.0	19.5
Lottery	25.5	29.6	—	-25.5	-100.0
Federal stabilization funding	—	—	255.0	255.0	100.0
Subtotals	\$4,876.0	\$4,899.2	\$5,090.7	\$214.7	4.4%
California State University					
General Fund	\$2,970.6	\$2,871.8	\$2,653.6 ^a	-\$317.0	-10.7%
Fee revenue	1,176.3	1,251.3	1,382.9	\$206.6	17.6
Lottery	58.1	49.3	—	-58.1	-100.0
Federal stabilization funding	—	—	255.0	255.0	100.0
Subtotals	\$4,205.1	\$4,172.4	\$4,291.5	\$86.5	2.1%
Hastings College of the Law					
General Fund	10.6	\$10.2	\$10.5	-\$0.2	-1.5%
Fee revenue	26.2	32.2	36.4	10.3	39.2
Lottery	0.1	0.2	—	-0.1	-100.0
Subtotals	\$36.9	\$42.6	\$46.9	\$10.0	26.9%
CPEC					
General Fund	\$2.1	\$2.0	\$2.0	-\$0.1	-4.1%
Totals					
General Fund	\$6,240.8	\$6,019.0	\$5,598.8 ^a	-\$642.0	-10.3%
All Selected Funds	9,120.1	9,116.2	9,431.2	311.1	3.4
^a Assumes \$100 million in "trigger cuts" to UC and CSU. CPEC = California Postsecondary Education Commission.					



Key Features



Universities Receive Unallocated General Fund Reductions

- Current-year reduction of \$65.5 million for the University of California (UC) and \$66.3 million for the California State University (CSU).
- Budget-year reduction of \$50 million for UC and \$50 million for CSU. However, these reductions subject to federal funds “trigger.”
- Governor’s veto of \$510 million from UC and CSU combined would have no programmatic effect since it is assumed to be backfilled with new federal stabilization funding.



Universities Receive New Fee Revenue

- Current-year fee increases provide \$83 million for UC and \$73 million for CSU (after diverting one-third of this funding for financial aid).
- Budget-year fee increases provide \$108 million for UC and \$87 million for CSU (after diverting funding for financial aid).



Funded Enrollment Is Unclear at This Point

- Neither 2008-09 nor 2009-10 budgets include specific appropriations for enrollment growth.
- However, universities have been given latitude in how to absorb unallocated reductions and how to allocate hundreds of millions of dollars in new fee revenue.
- Enrollment at both universities has grown over the past two years. We recommend the Legislature clarify its expectations regarding enrollment at the universities.



Key Features

(Continued)



Several Governor's Proposals Still to Be Acted On

- \$1.1 million for 92 new nursing students and \$1.5 million for 57 new medical students at UC.
- \$3.6 million for 340 new nursing students at CSU.
- 24 capital projects at UC and CSU, at a cost of \$820 million (primarily lease-revenue bonds).
- Elimination of the California Postsecondary Education Commission and consolidation of its functions (as well as those of the California Student Aid Commission) under the Office of the Secretary for Education.