



# The 2015-16 Budget: Analysis of Higher Education May Revision Proposals

MAC TAYLOR • LEGISLATIVE ANALYST • MAY 18, 2015

## Introduction

In this brief, we analyze the Governor's higher education May Revision proposals. In the first section, we provide an overview of funding for higher education. In the next three sections, we describe and assess the Governor's major proposals for the University of California (UC), the California State University (CSU), and the Awards for Innovation program, respectively. We discuss proposals for the California Community Colleges (CCC) in our companion Proposition 98 budget brief. The Appendix to the brief contains seven figures that have detailed higher education budget data.

## Overview

### ***May Revision Increases Higher Education Funding by \$681 Million Across Two-Year Period.***

As shown in Figure 1 (see next page), the May Revision increases General Fund support for higher education by \$302 million in 2014-15 and \$379 million in 2015-16 from the January budget levels. Under the May Revision, total funding for higher education in 2015-16 increases by \$1.1 billion (8 percent) from the revised 2014-15 funding level.

***May Revision Includes Major Proposals for Community Colleges, Universities, and Awards Program.*** Figure 2 (see page 3) lists the major General Fund spending changes for higher education in the May Revision. As shown in the figure, the majority of the spending changes

affect the community colleges, with proposals to increase funding for CCC mandate claims, apportionments, maintenance, instructional equipment, faculty, enrollment, and categorical programs. The Governor also has one major spending proposal for each of the universities—funding for UC's unfunded pension liability and a base augmentation for CSU. In addition, he increases support for the Awards for Innovation program. His only spending changes for financial aid programs are to reflect revised estimates of participation and use additional Temporary Assistance for Needy Families funds in place of some General Fund support. His only spending changes for the California Institute for Regenerative Medicine and the Hastings College of the Law are adjustments for estimated debt-service payments.

**Figure 1**  
**Higher Education General Fund Support**

(Dollars in Millions)

	2014-15			2015-16			Year-to-Year Change At May Revision	
	January	May	Change	January	May	Change	Amount	Percent
University of California	\$2,991	\$2,991	—	\$3,131	\$3,227	\$96	\$236	8%
California State University	3,026	3,026	—	3,179	3,220	42	194	6
California Community Colleges	5,019	5,390	\$371	5,443	5,717	274	327	6
California Student Aid Commission	2,040	1,967	-73	2,241	2,199	-43	232	12
California Institute for Regenerative Medicine	271	275	5	383	369	-15	93	34
Hastings College of the Law	11	11	—	12	12	—	1	13
Awards for Innovation	50	50	—	25	50	25	—	—
<b>Totals</b>	<b>\$13,408</b>	<b>\$13,710</b>	<b>\$302</b>	<b>\$14,414</b>	<b>\$14,794</b>	<b>\$379</b>	<b>\$1,084</b>	<b>8%</b>

<sup>a</sup> For UC, CSU, and Hastings, includes general obligation bond debt service in each year. For CCC, includes general obligation bond debt service, Quality Education Investment Act funds, and funding for the CCC Chancellor's Office. For California Student Aid Commission, includes federal Temporary Assistance for Needy Families and Student Loan Operating Fund support that directly offsets General Fund costs.  
Updated May 2015.

## University of California

**Governor Provides \$3.2 Billion in General Fund Support for UC in 2015-16.** This is an increase of \$96 million from the Governor's January budget. Compared to revised 2014-15 spending, state General Fund support for UC increases by \$236 million (8 percent).

### Governor's Proposals

**Deletes Conditions on 2015-16 Base Augmentation.** The Governor continues to provide the \$119 million (4 percent) base augmentation he proposed in January. As in January, the May Revision also does not set a resident enrollment target for UC. Veering away from his January proposal, the May Revision deletes his associated budget bill language that made the base augmentation contingent upon UC (1) not increasing tuition, (2) not increasing nonresident enrollment, and (3) taking action to constrain costs. Despite removing these conditions, the Governor reports that UC has agreed to keep resident undergraduate tuition flat in 2015-16

(and 2016-17) and undertake certain operational changes to make the university more efficient. We describe these operational changes in more detail later in this section.

**Indicates Intention to Extend Multi-Year Plan Through 2018-19.** The Governor also proposes to extend his multi-year plan by providing 4 percent increases for an additional two years—2017-18 and 2018-19. He indicates that he expects tuition to begin rising around the rate of inflation starting in 2017-18. The administration also indicates that the features of this plan likely would apply to CSU in future years.

**Provides \$96 Million in One-Time Proposition 2 Funds, With Conditions.** Passed by voters in 2014, Proposition 2 requires the state to dedicate a portion of General Fund revenues to paying down liabilities, including state-level unfunded pension liabilities. The proposed \$96 million augmentation for UC's unfunded pension liability is contingent upon the Department of Finance (DOF) certifying that the UC Regents have approved a retirement program for new

employees that limits pensionable compensation consistent with the limits specified in the Public Employees’ Pension Reform Act (PEPRA) of 2013. The limits established in PEPRA apply to pension programs offered by the state government and most local governments for employees hired after 2013. The pensionable salary limit in 2015 for such employees is \$117,020 for employees participating in Social Security and \$140,424 for other employees. In contrast, UC’s retirement plan has a pensionable salary limit in 2015 of \$265,000—the maximum allowed by the federal Internal Revenue Service.

**Provides \$25 Million in One-Time Cap and Trade Revenues.** The university would use these special fund revenues for energy efficiency projects at campuses to reduce greenhouse gas emissions. This proposal is part of a larger expenditure plan proposed by the Governor that allocates \$2.2 billion in cap and trade revenues. (We discuss this plan in our handout, “Governor’s May Revision: 2015-16 Cap-and-Trade Expenditure Plan.”)

**Specifies Various Operational Changes.** In January, the Governor called for UC to establish a committee to find ways to reduce costs, enhance undergraduate access, and improve time to degree

**Figure 2  
Higher Education May Revision Spending Changes**

<i>General Fund (In Millions)</i>	
<b>2014-15 Changes</b>	
Pay down CCC mandate backlog (one time)	\$261
Provide funding for CCC basic skills initiatives (one time)	62
Fund CCC maintenance and instructional equipment (one time)	48
Adjust debt-service funding for CCC, Hastings, and CIRM	4
Other adjustments	-1
Revise estimate of Middle Class Scholarship program participation	-18
Revise estimate of Cal Grant participation	-54
<b>Total</b>	<b>\$302</b>
<b>2015-16 Changes</b>	
Provide CCC apportionment increase (above growth and COLA)	\$142
Provide funding for CCC maintenance and instructional equipment (one time)	100
Provide funding for UC unfunded pension liability	96
Increase funding for full-time CCC faculty	75
Fund CCC enrollment growth	50
Provide CCC funds to restore enrollment earned back by districts	42
Increase base funding for CSU	38
Increase Awards for Innovation funding (one time)	25
Fund dissemination of effective CCC institutional practices	12
Fund implementation of CCC local student equity plans	15
Increase funding for CSU retiree health care	4
Augment technical assistance for CCC districts	3
Provide COLA for selected CCC categorical programs	2
Adjust debt-service funding for CCC, Hastings, and CIRM	-15
Adjust CCC COLA for apportionments	-31
Revise estimate of Cal Grant participation	-42
Other adjustments	-136
Replace \$247 million in General Fund support for Cal Grants with TANF <sup>a</sup>	—
<b>Total</b>	<b>\$379</b>

<sup>a</sup> Proposal has no programmatic effect.  
CIRM = California Institute for Regenerative Medicine; COLA = cost-of-living adjustment; and TANF = Temporary Assistance for Needy Families.  
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and degree completion. Subsequently, the UC Regents established a select advisory committee consisting of the Governor and the UC President to perform this review. The Governor reports that as a result of this review UC has agreed to implement the following operational changes:

- ***Streamline Transfer Pathways Consistent With Recent CSU Efforts.*** Chapter 428, Statutes of 2010 (SB 1440, Padilla), required community colleges to create two-year degrees (known as “associate degrees for transfer”) that are fully transferable to CSU. To implement the new degree programs, CSU and CCC faculty established an agreed-upon set of lower-division courses in certain majors for transfer-seeking students. The Governor reports that UC will closely align its own lower-division requirements for its 20 most popular majors with those used by CSU and will consider adopting the common course numbering system used by CSU. He expects UC to implement these changes during the 2015-16 and 2016-17 academic years.
- ***Increase Transfer Enrollment.*** The Governor reports that UC has committed to admitting one transfer student for every two freshman students at all campuses (except at the Merced campus) by 2017-18.
- ***Review Units Required for Graduation in Most Majors.*** The Governor reports that UC has agreed to undertake this review to reduce the number of units to no more than 180 units wherever possible in 75 percent of majors at each campus (except the Los Angeles campus because it already has undertaken such a review).
- ***Review Policies on Awarding Credits for Performance on Exams.*** The Governor states that the UC President will strongly encourage UC faculty to review its policies on awarding credits to students successfully passing (1) Advancement Placement tests taken in high school and (2) exams administered by the College Board to measure mastery of college-level material. Allowing students to earn more credits through such examinations would reduce the numbers of courses they need to take to graduate and, as a result, the time it takes them to graduate.
- ***Establish Different Tuition and Fees for Summer Session at Three Campuses.*** Characterized as a pilot program, the campuses presumably will set tuition and fees lower during the summer session than during the traditional academic year to provide an incentive for students to enroll. Taking courses in the summer allows students to reduce the time it takes to earn a degree. The pilot is to commence by summer 2016.
- ***Develop Three-Year Degrees.*** The Governor states that UC has agreed to develop such degrees in 10 of its top 15 majors by March 1, 2016. He also cites a goal of having 5 percent of students enrolled in these accelerated degree programs by summer 2017. The Governor notes that this change will allow students to graduate in less time, thereby freeing up space for UC to enroll other students.
- ***Increase Use of Data and Technology to Improve Student and Institutional Performance.*** The UC also is to report on how campuses are using data and

technology to help students succeed and close achievement gaps among different groups of students. Specifically, the university will initiate a multi-campus pilot program to use adaptive learning technologies to improve instruction and student persistence. (With adaptive learning, a computer program adjusts learning material to match students' progress in acquiring knowledge and skills.)

- **Expand Online Course Offerings.** The university also will expand upon efforts begun in recent years to increase the number of online courses it offers. As part of this effort, UC will convene a group of industry leaders during summer 2015 to identify which online certificate and master's degree programs could benefit California's workforce.
- **Implement New Way of Calculating Educational Costs.** Also characterized as a pilot program, three UC campuses are to use "activity-based costing" to ascertain educational costs in certain departments. As implied by the name, this methodology estimates costs for specific activities undertaken. The administration indicates the UC campuses will use this methodology to calculate costs for particular courses and compare them across campuses. With this information, the university could determine how to operate similar courses more cost-effectively.

## Assessment and Recommendations

**Extension of Multi-Year Funding Plan Raises Concerns.** The Governor's extended multi-year

plan continues to commit to ongoing 4 percent base increases that are not linked to specific purposes. This approach diminishes the Legislature's role in key decisions and allows the universities to pursue their own interests rather than state-identified priorities. Additionally, we are concerned that the extended plan provides both 4 percent increases in state funding and tuition increases at around the rate of inflation in 2017-18 and 2018-19. We believe planning to give UC such large funding increases in those years is unwarranted and premature.

**Unallocated Budget Approach Remains of Concern.** As we discussed in our February analysis, we remain concerned about the Governor not linking additional funding with clear expectations. We continue to recommend the Legislature take a more traditional and transparent approach toward funding UC—identifying priorities and funding those priorities. The Legislature could provide UC with a cost-of-living adjustment (COLA) on its base budget. Inflation currently is estimated at 1.7 percent (as measured by the state and local government price index). This equates to a \$98 million base augmentation, assuming the COLA is applied to both the state-funded and tuition-funded portions of UC's budget. We continue to recommend no enrollment growth for UC, as UC indicates it can accommodate all eligible students within the system and the college-age population in California is declining. Were to Legislature to desire to provide funding beyond COLA, we recommend it designate how UC is to use the funds.

**Proposed \$96 Million Proposition 2 Payment Provides Long-Term Benefit for UC . . .** According to UC and the administration, UC will deposit the \$96 million into its retirement investment account without supplanting any existing scheduled payments. This means UC will not realize any immediate savings in 2015-16 because it will continue to contribute the same amount into the

plan as under its current funding policy. Instead, the payment would accelerate the university's pay down of its unfunded liability and save money in the long term.

**. . . But Governor Lacks Plan for Prioritizing Proposition 2 Funds to Address Retirement Liabilities.** Proposition 2 allows the state to choose which liabilities to address, including budgetary borrowing (such as from special fund loans), state-level pension liabilities (such as for state employees, teachers, university employees, and judges), and state-level retiree health liabilities. In his May Revision, the Governor provides funding for two liabilities: special fund loans and UC's unfunded pension liability. As we noted in our November publication, *The 2015-16 Budget: California's Fiscal Outlook*, we believe paying down budgetary loans is reasonable in the near term because it could provide one-time resources for state special funds, school districts, and local governments. For the longer-term use of Proposition 2 funds, we recommended the Legislature and the administration evaluate which state-level retirement liabilities merit consideration by inviting CalPERS, CalSTRS, UC, and other stakeholders to submit proposals describing how Proposition 2 funds could help address retirement-related debts over the next 15 years. This information would allow the state to prioritize Proposition 2 funds according to the projected long-term public savings for each plan.

**Limit on Pensionable Compensation Would Affect UC's Retirement Costs.** Because the limit would apply only to new employees hired after the change takes effect, the associated savings would be small in the near term but would grow over time. Based on information provided by UC, the long-term savings associated with the change could grow to be several hundreds of millions of dollars annually in a few decades. These savings could be offset by other changes UC might make to its

retirement program. For example, UC indicates it will offer a supplemental defined contribution plan for certain employees subject to the new limit. The university also could face pressure to increase other forms of compensation (such as salary) due to the reduced pension benefit for employees subject to the new limit. Unlike pension compensation, however, cash-based compensation does not have the risk of generating future unfunded liabilities.

**Operational Changes Could Reduce Costs and Improve Outcomes but Reporting Requirements Could Be Strengthened.** The academic initiatives announced by the Governor and UC largely comport with strategies identified by higher education experts to reduce time to degree and institutional costs. Though the Governor states his expectations for UC to report back by certain deadlines for some initiatives, his budget plan does not include formal reporting requirements to monitor UC's progress in implementing the changes. Moreover, the Governor does not set specific deadlines for certain initiatives. To monitor UC's progress in implementing the changes, we recommend the Legislature adopt supplemental report language specifying for each initiative the deadlines and information UC is to report over the next several years. Because these practices hold promise to improve student success and reduce institutional costs, we also recommend adopting supplemental report language for CSU to report on any plans it has to implement similar initiatives.

## California State University

**Governor Provides \$3.2 Billion in General Fund Support for CSU in 2015-16.** This is an increase of \$42 million from the Governor's January budget proposal, consisting of \$38 million for CSU's base budget and \$4 million for its retiree health benefits. Compared to revised 2014-15

spending, state General Fund support for CSU increases by \$194 million (6 percent).

### **Governor's Proposals**

***Provides Additional \$38 Million Base Augmentation.*** The Governor proposes to augment CSU's base augmentation from a total of \$119 million to \$157 million. The Governor does not restrict the funding for specific purposes, though he notes that CSU has indicated it would use the initial \$119 million for increases in compensation, enrollment growth of 4,000 additional students, and maintenance and infrastructure projects. He states his expectation for CSU to use the additional \$38 million to improve student success and enroll 1,500 additional transfer students by spring 2016. As noted earlier, the administration indicates that the main features of his extended multi-year funding plan for UC (4 percent base increases through 2018-19 and flat tuition through 2016-17) also would apply to CSU moving forward.

***Authorizes \$310 Million in Capital Outlay Projects.*** The May Revision authorizes more than 100 projects intended to address building renewal and infrastructure improvements at campuses across the system. The university would issue its own debt for these projects and repay the debt service from its state support appropriation. The associated debt service is estimated to be \$10 million annually over the next few decades. Because CSU was late in submitting projects to DOF, the administration missed the statutory deadlines for approving these projects earlier this year. The Governor proposes to amend state law to allow CSU to proceed with the projects despite missing the deadlines.

***Provides \$35 Million in One-Time Cap and Trade Revenues.*** Similar to UC, CSU would use these special fund revenues for energy efficiency projects at campuses to reduce greenhouse gas

emissions. (As noted earlier, we discuss this issue in our handout, "Governor's May Revision: 2015-16 Cap-and-Trade Expenditure Plan.")

***Creates Basic Skills Partnership Pilot Program for CSU and CCC.*** Under this program, CCC campuses would provide remedial instruction to CSU students. (We assess this proposal in our *Analysis of the Proposition 98 May Revision Budget Package*.)

### **Assessment and Recommendations**

***Governor's Approach to Funding CSU Operations Remains Problematic.*** As with UC, the Governor's approach of providing unallocated base increases to CSU diminishes the Legislature's ability to direct funding according to broad public priorities, instead allowing CSU to establish its own priorities. Though the Governor states his expectation that CSU spend its base increase on certain costs, he does not place any actual conditions on the funding.

***Facility and Campus Infrastructure Projects Merit Consideration.*** The Governor's compressed timeline makes legislative review of CSU's projects challenging. Based on our expedited review of the proposals, however, CSU appears to have prioritized improvements to mitigate life-safety hazards and risks associated with a campus shutdown, with a few exceptions. As we discussed in our February analysis, we have concerns with the proposed \$13 million to demolish vacant buildings at the Monterey Bay campus. Because these buildings are vacant, they pose a lower life-safety risk than occupied CSU buildings with seismic and life-safety deficiencies. We also are concerned with a proposed \$89,000 upgrade to residence halls at the California Maritime Academy, as upgrades to dormitories are traditionally funded with housing fees paid by students.

***Recommend Designating Funds for Specific Purposes.*** As for UC, we recommend the Legislature set priorities for CSU's budget. In the rest of

this section, we discuss the key components we recommend the Legislature have in its budget for CSU.

**Provide \$72 Million for Base COLA.** To allow CSU to pay for anticipated general cost increases in 2015-16 (such as for salaries and supplies), we recommend the Legislature provide a COLA. Applying a 1.7 percent COLA (the same rate we apply to UC) would cost \$72 million, assuming the COLA is applied to both the state-funded and tuition-funded portions of CSU's budget.

**Provide \$24 Million for 1 Percent Enrollment Growth.** In our *2015-16 Budget: Higher Education Analysis*, we found evidence suggesting CSU continues to admit all eligible freshman applicants but not all eligible transfer students. Based on information subsequently provided by CSU, we identified two enrollment growth options—one ensuring access for all eligible transfer students and one ensuring access for these students as well as allowing nonlocal transfer students access to their first-choice campuses. CSU indicates it already has made fall admission decisions to increase enrollment by 3,400 full-time equivalent students (1 percent). We estimate this level of growth is sufficient to fund all eligible local transfer students as well as many nonlocal transfer students at their first-choice campus. Based on a state funding rate of \$7,087 per student (calculated using the Legislature's traditional funding rate methodology), 1 percent enrollment growth at CSU costs \$24 million. The additional growth envisioned in the May Revision would allow even more nonlocal transfer students to enroll at their first-choice campus.

**Designate \$10 Million for Debt Service for Facility and Campus Infrastructure**

**Improvements.** To allow CSU to improve the safety of its campuses, we recommend the Legislature approve the list of facility and campus infrastructure projects submitted by CSU, except for

the \$13 million for demolition projects at Monterey Bay and the \$89,000 fire alarm replacement at the Maritime Academy. We recommend the Legislature direct CSU to submit the next highest priority projects it would like to fund with the freed-up monies from rejecting these projects.

**Target Additional Funding to Highest Priorities.** If the Legislature wishes to provide additional funding beyond enrollment growth, COLA, and approved facility projects, it would need to grapple with which additional priorities to fund. In our view, dedicating additional funding to CSU's facility and maintenance projects offers two key advantages. First, the Legislature can reduce the maintenance backlog using one-time funding rather than committing to new ongoing spending requirements. Including more one-time spending in the budget package can mitigate against the budgetary impacts of a potential downturn in revenues in the near term. Second, CSU's maintenance backlog is substantial. Though the university has struggled to provide a precise estimate of its backlog, evidence suggest it is at least in the hundreds of millions of dollars.

**Require CSU to Report on Results.**

Regardless of how the Legislature allocates any additional funding it chooses to provide CSU, we recommend the Legislature direct CSU to report back on how these funds were spent. For example, if the Legislature provides funding for deferred maintenance, it could require CSU to provide a list of critical infrastructure projects it addressed. If the Legislature provides funding for student success, it could direct CSU to report on how the funds improved student outcomes.

## Innovation Awards

**Governor Proposes an Additional \$25 Million in Award Funds and Includes Community Colleges.** The May Revision augmentation brings total one-time funding



proposed by the Governor to \$50 million for 2015-16. The Governor also modifies his January proposal to allow both CSU and CCC campuses to apply for awards. He further proposes the program be more closely aligned with the goals of Chapter 367, Statutes of 2013 (SB 195, Liu). These goals are (1) improving student access and success; (2) better aligning degrees and credentials with the state's economic, workforce, and civic needs; and (3) ensuring effective and efficient use of resources to improve outcomes and maintain affordability.

***Governor Proposes Funding CCC Awards Within Proposition 98 Minimum Guarantee.*** In 2014-15, CCC campuses earned \$23 million in awards, with the remaining awards distributed to CSU and UC campuses. The Governor proposes counting the \$23 million earned by CCC campuses toward the Proposition 98 minimum guarantee in 2014-15. He also assumes \$25 million in 2015-16 awards will be earned by CCC campuses and counts those funds toward Proposition 98.

***Program Not Designed to Replicate Best Practices.*** Many of the 2014-15 award winners developed their programs long before the awards program was announced. One of the award winners, for example, is a partnership between the K-12 and higher education segments in Long Beach that began in 2008. Rewarding campuses with already successful practices on a one-time basis does little to ensure more campuses use those successful practices.

***Recommend Legislature Reject \$50 Million for Innovation Awards Program.*** Because the program likely will not be effective given its poor design, we continue to recommend the Legislature reject the proposal. The Legislature instead could redirect the funds towards other one-time uses, such as addressing deferred maintenance at the segments. If the Legislature were to fund the program, however, we recommend adopting the Governor's proposal to count awards earned by CCC campuses toward the Proposition 98 minimum guarantee.

# APPENDIX

## Education Budget Figures

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2015-16 BUDGET

**Higher Education Core Funding**

(Dollars in Millions)

	2014-15			2015-16			Year-to-Year Change at May Revision	
	January	May	Change	January	May	Change	Amount	Percent
<b>UC</b>								
General Fund <sup>a</sup>	\$2,991	\$2,991	—	\$3,131	\$3,227	\$96	\$236	8%
Net tuition <sup>b</sup>	2,782	2,782	—	2,782	2,870	88	88	3
Other UC core funds <sup>c</sup>	323	323	—	323	323	—	—	—
Lottery	39	39	—	39	39	—	—	—
Subtotals	(\$6,134)	(\$6,134)	(—)	(\$6,274)	(\$6,458)	(\$184)	(\$324)	(5%)
<b>CSU</b>								
General Fund <sup>a,d</sup>	\$3,026	\$3,026	—	\$3,179	\$3,220	\$42	\$194	6%
Net tuition <sup>b</sup>	2,133	2,133	—	2,145	2,157	12	24	1
Lottery	59	59	—	59	59	—	—	—
Subtotals	(\$5,219)	(\$5,219)	(—)	(\$5,383)	(\$5,437)	(\$54)	(\$218)	(4%)
<b>CCC</b>								
General Fund <sup>a</sup>	\$5,019	\$5,390	\$371	\$5,443	\$5,717	\$274	\$327	6%
Local property tax	2,321	2,263	-58	2,628	2,613	-15	350	15
Fees	417	407	-11	423	416	-7	9	2
Lottery	186	186	—	186	186	—	—	—
Subtotals	(\$7,944)	(\$8,246)	(\$302)	(\$8,680)	(\$8,932)	(\$252)	(\$686)	(8%)
<b>Hastings</b>								
Net tuition <sup>a,b</sup>	\$31	\$31	—	\$31	\$31	—	—	1%
General Fund	\$11	11	—	12	12	—	\$1	13
Lottery	—	—	—	—	—	—	—	—
Subtotals <sup>e</sup>	(\$42)	(\$42)	(—)	(\$43)	(\$43)	(—)	(\$2)	(4%)
<b>CSAC</b>								
General Fund	\$1,627	\$1,554	-\$74	\$1,940	\$1,650	-\$290	\$97	6%
Student Loan Operating Fund	—	—	—	—	—	—	—	—
TANF funds	377	377	—	286	534	247	156	41
Other	36	36	—	15	15	—	-21	-58
Subtotals	(\$2,040)	(\$1,967)	(-\$74)	(\$2,241)	(\$2,199)	(-\$43)	(\$232)	(12%)
<b>California Institute for Regenerative Medicine</b>								
General Fund <sup>a</sup>	\$271	\$275	\$5	\$383	\$369	-\$15	\$93	34%
<b>Awards for Innovation in Higher Education</b>								
General Fund	\$50	\$50	—	\$25	\$50	\$25	—	—
<b>Totals<sup>f</sup></b>	<b>\$20,361</b>	<b>\$20,645</b>	<b>\$284</b>	<b>\$21,608</b>	<b>\$22,100</b>	<b>\$492</b>	<b>\$1,455</b>	<b>7%</b>
General Fund	\$12,995	\$13,297	\$302	\$14,113	\$14,245	\$132	\$948	7%
Net tuition/fees <sup>f</sup>	4,025	4,065	40	3,959	4,087	128	21	1
Local property tax	2,321	2,263	-58	2,628	2,613	-15	350	15
Other	736	736	—	624	871	247	135	18
Lottery	284	284	—	284	284	—	—	—

<sup>a</sup> Includes general obligation bond debt service for UC, CSU, CCC, and Hastings.

<sup>b</sup> Reflects tuition after discounts provided through institutional financial aid programs from all sources. In 2014-15, UC and CSU plan to provide \$1.1 billion and \$665 million, respectively, in discounts. For UC, includes revenues generated in 2015-16 from a 5 percent increase in student services fees and most professional degree fees, an 8 percent increase in nonresident supplemental tuition, and enrollment growth of 2,000 additional nonresident students. For CSU, includes revenues generated in 2015-16 from enrolling additional resident students.

<sup>c</sup> Excludes carry-forward of prior year balance in 2013-14 under the assumption that most of this balance will continue to be carried forward.

<sup>d</sup> Includes health benefit costs for CSU retired annuitants.

<sup>e</sup> Hastings receives about \$200,000 in Lottery funds.

<sup>f</sup> Does not include UC and CSU tuition paid from Cal Grant awards.

CSAC = California Student Aid Commission and TANF=Temporary Assistance for Needy Families.

Posted May 2015.

2015-16 BUDGET

**Higher Education General Fund Support<sup>a</sup>**

*(Dollars in Millions)*

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<b>Totals</b>	<b>\$13,408</b>	<b>\$13,710</b>	<b>\$302</b>	<b>\$14,414</b>	<b>\$14,794</b>	<b>\$379</b>	<b>\$1,084</b>	<b>8%</b>

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Updated May 2015.

2015-16 BUDGET

**Higher Education May Revision Spending Changes**

*General Fund (In Millions)*

**2014-15 Changes**

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Fund CCC maintenance and instructional equipment (one time)	48
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Other adjustments	-1
Revise estimate of Middle Class Scholarship program participation	-18
Revise estimate of Cal Grant participation	-54
<b>Total</b>	<b>\$302</b>

**2015-16 Changes**

Provide CCC apportionment increase (above growth and COLA)	\$142
Provide funding for CCC maintenance and instructional equipment (one time)	100
Provide funding for UC unfunded pension liability	96
Increase funding for full-time CCC faculty	75
Fund CCC enrollment growth	50
Provide CCC funds to restore enrollment earned back by districts	42
Increase base funding for CSU	38
Increase Awards for Innovation funding (one time)	25
Fund dissemination of effective CCC institutional practices	12
Fund implementation of CCC local student equity plans	15
Increase funding for CSU retiree health care	4
Augment technical assistance for CCC districts	3
Provide COLA for selected CCC categorical programs	2
Adjust debt-service funding for CCC, Hastings, and CIRM	-15
Adjust CCC COLA for apportionments	-31
Revise estimate of Cal Grant participation	-42
Other adjustments	-136
Replace \$247 million in General Fund support for Cal Grants with TANF <sup>a</sup>	—
<b>Total</b>	<b>\$379</b>

<sup>a</sup> Proposal has no programmatic effect.

CIRM = California Institute for Regenerative Medicine; COLA = cost-of-living adjustment; and TANF = Temporary Assistance for Needy Families.  
Posted May 2015.

2015-16 BUDGET

**Higher Education Enrollment**

*Resident Full-Time Equivalent (FTE) Students*

	2014-15			2015-16			Year-to-Year Change At May Revision	
	January	May	Change	January	May	Change	Amount	Percent
<b>University of California<sup>a</sup></b>								
Undergraduate	174,102	174,102	—	174,102	174,102	—	—	—
Graduate <sup>b</sup>	37,165	37,165	—	37,165	37,165	—	—	—
Subtotals	(211,267)	(211,267)	(—)	(211,267)	(211,267)	(—)	(—)	(—)
<b>California State University<sup>a</sup></b>								
Undergraduate	323,377	323,377	—	326,072	328,766	2,694	5,389	2%
Teacher Credential	5,404	5,404	—	5,449	5,710	45	90	2
Graduate <sup>c</sup>	31,219	31,219	—	31,480	31,525	261	522	2
Subtotals	(360,000)	(360,000)	(—)	(363,001)	(366,001)	(3,000 <sup>d</sup> )	(6,001)	(2%)
<b>California Community Colleges<sup>e</sup></b>	1,137,859	1,135,924	-1,935	1,160,616	1,162,190	1,574	26,266	2%
<b>Hastings College of the Law<sup>f</sup></b>	960	960	—	970	970	—	10	1%
<b>Totals</b>	<b>1,710,086</b>	<b>1,708,151</b>	<b>-1,935</b>	<b>1,735,854</b>	<b>1,740,428</b>	<b>4,574</b>	<b>32,277</b>	<b>2%</b>

<sup>a</sup> Reflects universities' enrollment plans. At UC and CSU, one FTE student represents 30 credit units for an undergraduate and 24 credit units for a graduate student.

<sup>b</sup> Includes general campus and health science students pursuing graduate academic and professional degrees.

<sup>c</sup> Includes students in doctoral, masters, and postbaccalaureate programs other than teacher credential.

<sup>d</sup> Reflects maximum potential growth under Governor's May Revision funding level, according to CSU.

<sup>e</sup> For each year, reflects funded enrollment levels for California Community Colleges.

<sup>f</sup> Includes juris doctor (JD) program only. Non-JD programs do not use residency classifications.

Posted May 2015.

**Higher Education Annual Tuition and Fees**

*Mandatory Charges for Full-Time Resident Students*

	2013-14	2014-15	2015-16
<b>University of California</b>			
Systemwide Tuition and Fees			
Undergraduate	\$12,192	\$12,192	\$12,240 <sup>a</sup>
Graduate—Academic	12,192	12,192	12,240 <sup>a</sup>
Graduate—Professional <sup>b</sup>	16,192 to 50,740	16,192 to 50,740	16,440 to 52,716 <sup>a</sup>
Average Campus Fee <sup>c</sup>	1,030	1,125	1,125
<b>California State University</b>			
Systemwide Tuition and Fees			
Undergraduate	5,472	5,472	5,472
Teacher credential	6,348	6,348	6,348
Graduate—Masters <sup>d</sup>	6,738	6,738	6,738
Graduate—Doctoral <sup>e</sup>	11,118 to 16,148	11,118 to 16,148	11,118 to 16,148
Average Campus Fee	1,223	1,223	1,223
<b>California Community Colleges</b>	1,380	1,380	1,380
<b>Hastings College of the Law<sup>f</sup></b>	44,186	44,186	44,186

<sup>a</sup> Reflects 5 percent increase in Student Services Fee and Professional Degree Fees announced by UC at May Revision.

<sup>b</sup> Reflects range for students in business, law, medicine, nursing, and other professional programs.

<sup>c</sup> Reflects average for undergraduates. Campus fees for graduate and professional students are lower.

<sup>d</sup> Graduate fees also apply to postbaccalaureate programs other than teacher credential programs.

<sup>e</sup> Includes professional doctorates in education, nursing, and physical therapy.

<sup>f</sup> Reflects tuition for juris doctor (JD) program only. Non-JD programs do not use residency classifications.

Updated May 2015.

2015-16 BUDGET

**Cal Grant Spending**

(Dollars in Millions)

	2014-15			2015-16			Year-to-Year Change At May Revision	
	January	May	Change	January	May	Change	Amount	Percent
<b>Total Spending</b>	\$1,905	\$1,850	-\$54	\$2,034	\$1,992	-\$42	\$141	8%
<b>By Segment</b>								
California State University	\$621	\$622	\$1	\$688	\$697	\$9	\$75	12%
California Community Colleges	132	127	-5	144	142	-2	15	12
University of California	852	816	-36	900	858	-42	41	5
Private nonprofit institutions	255	246	-9	258	239	-19	-7	-3
Private for-profit institutions	44	39	-6	43	55	12	17	44
<b>By Program</b>								
High School Entitlement	\$1,516	\$1,486	-\$30	\$1,641	\$1,589	-\$52	\$103	7%
CCC Transfer Entitlement	242	226	-17	223	234	11	8	4
Competitive	133	129	-4	149	152	2	23	18
Cal Grant C	13	10	-3	20	17	-3	7	75
<b>By Award Type</b>								
Cal Grant A	\$1,080	\$1,041	-\$39	\$1,143	\$1,098	-\$45	\$57	5%
Cal Grant B	811	799	-12	870	877	6	77	10
Cal Grant C	13	10	-3	20	17	-3	7	75
<b>By New or Renewal</b>								
New	\$587	\$570	-\$17	\$603	\$590	-\$14	\$20	3%
Renewal	1,318	1,280	-37	1,430	1,405	-25	124	10
<b>By Funding Source</b>								
General Fund	\$1,527	\$1,473	-\$54	\$1,747	\$1,458	-\$290	-\$15	-1%
Federal TANF	\$377	\$377	0	\$286	\$534	247	156	41%

TANF = Temporary Assistance for Needy Families.  
Updated May 2015.



2015-16 BUDGET

<b>Cal Grant Recipients</b>								
<b>Cal Grant Recipients</b>	<b>2014-15</b>			<b>2015-16</b>			<b>Year-to-Year Change At May Revision</b>	
	<b>January</b>	<b>May</b>	<b>Change</b>	<b>January</b>	<b>May</b>	<b>Change</b>	<b>Number</b>	<b>Percent</b>
<b>By Segment</b>								
California State University	117,282	117,287	5	128,264	129,760	1,496	12,473	11%
California Community Colleges	105,768	101,920	-3,848	114,375	112,884	-1,491	10,964	11
University of California	71,093	69,660	-1,433	75,241	73,149	-2,092	3,489	5
Private nonprofit institutions	29,165	28,009	-1,156	30,760	28,392	-2,368	383	1
Private for-profit institutions	8,420	7,167	-1,253	11,751	12,395	644	5,228	73
<b>Totals</b>	<b>331,728</b>	<b>324,043</b>	<b>-7,685</b>	<b>360,391</b>	<b>356,580</b>	<b>-3,811</b>	<b>32,537</b>	<b>10%</b>
<b>By Program</b>								
High School Entitlement	245,838	241,497	-4,341	268,753	263,640	-5,113	22,143	9%
CCC Transfer Entitlement	29,930	28,680	-1,250	27,855	30,007	2,152	1,327	5
Competitive	44,063	44,020	-43	47,507	48,670	1,163	4,650	11
Cal Grant C	11,896	9,846	-2,050	16,275	14,263	-2,012	4,417	45
<b>Totals</b>	<b>331,728</b>	<b>324,043</b>	<b>-7,685</b>	<b>360,391</b>	<b>356,580</b>	<b>-3,811</b>	<b>32,537</b>	<b>10%</b>
<b>By Award Type</b>								
Cal Grant A	113,561	111,252	-2,309	121,008	118,142	-2,866	6,890	6%
Cal Grant B	206,271	202,945	-3,326	223,108	224,175	1,067	21,230	10
Cal Grant C	11,896	9,846	-2,050	16,275	14,263	-2,012	4,417	45
<b>Totals</b>	<b>331,728</b>	<b>324,043</b>	<b>-7,685</b>	<b>360,391</b>	<b>356,580</b>	<b>-3,811</b>	<b>32,537</b>	<b>10%</b>
<b>By New or Renewal</b>								
New	132,788	130,219	-2,569	138,135	136,776	-1,359	6,557	5%
Renewal	198,940	193,825	-5,115	222,256	219,802	-2,454	25,977	13
<b>Totals</b>	<b>331,728</b>	<b>324,044</b>	<b>-7,684</b>	<b>360,391</b>	<b>356,578</b>	<b>-3,813</b>	<b>32,534</b>	<b>10%</b>
Note: Totals do not match across all categories due to modeling issues. Posted May 2015.								

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