

The 2022-23 Budget: Hastings College of the Law

MAY 2022

Summary. The Governor's January budget proposes a \$2 million (12 percent) General Fund base increase for the Hastings College of the Law (Hastings) in 2022-23. After accounting for other revenue increases (primarily from student tuition revenue), Hastings' total ongoing core budget would increase by \$5 million (6.7 percent). Generally, we think the Governor's proposal is a good starting point for budget deliberations. This is because Hastings' corresponding expenditure plan primarily focuses on basic workload adjustments. That said, we emphasize that this proposal is a starting point. The Legislature likely will want to weigh this proposal against its other 2022-23 budget priorities. Moreover, we note that Hastings could face higher-than-expected costs in 2022-23 as part of its recent initiative to change its name.

Introduction

This post analyzes the Governor's January budget proposal for Hastings. The post first provides background on the law school. It then describes the Governor's funding proposal and Hastings' corresponding expenditure plan. The post concludes by raising two issues for legislative consideration.

Background

Hastings Is a Public Law School. Hastings is affiliated with the University of California (UC) but has its own governing board (known as the Board of Directors). Of the school's approximately 1,100 students in 2021-22, 97 percent are enrolled in Hastings' Juris Doctor (JD) program (the most common degree students pursue to enter the legal field). The school also offers two law-related master's programs and, in 2022-23, is launching a third master's program—a joint Health Policy and Law program with UC San Francisco.

Hastings' Total Spending Is \$103 Million in 2021-22. Hastings receives its core funding primarily from student tuition revenue (comprising about three-quarters of its ongoing core funding in 2021-22) and state General Fund (comprising about one-quarter). Core funds support Hastings' core operations, including faculty and staff compensation and operating expenses and equipment (OE&E), as well as merit-based student financial aid. Hastings currently spends around 30 percent of the tuition revenue it generates from each JD cohort on financial aid. Beyond its core operations, Hastings operates self-supporting auxiliary programs (such as student housing and parking). Hastings also receives some noncore funding from private donations as well as external grants and contracts. Of Hastings' total spending in 2021-22, 76 percent was for core operations and student financial aid and 24 percent was for noncore programs.

State in Recent Years Has Provided General Fund Augmentations to Help Cover Core Cost Increases. Each year, Hastings faces pressure to cover cost increases associated with employee compensation, OE&E, student financial aid, and enrollment growth, among other factors. In recent years, the primary way Hastings has covered these increases is through state General Fund base augmentations. (Hastings also receives state General Fund adjustments for its lease revenue bond debt service and, in certain years, specific program initiatives.) As **Figure 1** on the next page shows, the size of Hastings' base adjustments has varied over the past several years.

Student Enrollment and Tuition Revenue Recently Have Grown. In theory, Hastings also could cover operating cost increases by raising additional student tuition revenue. It could raise additional tuition revenue by increasing its student tuition charges and/or enrolling more students.

Figure 1

State Has Provided Hastings With Base Augmentations Most Years

(Dollars in Millions)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
General Fund base adjustment	\$0.4	\$1.3	\$1.0	\$1.0	\$1.1	\$1.1	\$1.4	-\$0.5	\$2.1
Percent change in General Fund support	5.0%	15.2%	10.6%	9.5%	9.2%	8.5%	10.3%	-3.6%	14.3%
Percent change in ongoing core funding	0.7%	2.3%	1.9%	1.9%	1.9%	1.9%	2.5%	-0.9%	3.5%

Most years over the past decade, Hastings' tuition revenue, however, has either declined or grown only slightly. This is because Hastings did not increase JD student tuition charges over this period, and its enrollment level remained roughly flat through 2019-20 (hovering between 900 and 1,000 students each year). In the last two years (2020-21 and 2021-22), Hastings' tuition revenue has increased due to enrollment growth. In 2021-22, Hastings estimates it is enrolling around 1,100 students. According to Hastings, the increases in enrollment the past two years are attributable to growing student demand in its JD program.

Governor's Funding Proposal and Hastings' Expenditure Plan

Governor Proposes General Fund Base Augmentation. The Governor proposes a \$2 million (12 percent) General Fund base increase. As in past years, the increase is unrestricted—available to support any increases in Hastings' operations, programs, or enrollment.

Hastings Is Planning to Increase Student Tuition Charges. In addition to the proposed state General Fund base augmentation, the Hastings Board of Directors has approved a 3 percent increase in resident JD tuition charges and a 7 percent increase in nonresident JD supplemental tuition charges for 2022-23. These increases would reflect the first JD tuition increases at Hastings since 2012-13. (As we noted in our recent budget brief [The 2022-23 Budget: Analysis of Major UC Proposals](#), UC also plans to increase student tuition charges for 2022-23. At UC's four law schools specifically, resident tuition charges are scheduled to increase between 3.2 percent and 8.8 percent.)

Hastings Anticipates Enrolling More Students in 2022-23. As [Figure 2](#) shows, Hastings anticipates its enrollment will continue to grow in 2022-23 (by 4.4 percent). Growth in its JD program would be driven entirely by increases in continuing student enrollment. Hastings currently plans to enroll a slightly smaller first-year cohort in fall 2022 (around 390 students) compared to its fall 2021 cohort (around 400 students). Hastings' growth in its master's programs primarily is due to the school implementing the first year of its new Health Policy and Law program.

Under Governor's Budget, Hastings' Base Core Funding Is Increasing. As [Figure 3](#) shows, Hastings' higher tuition revenue, together with the Governor's proposed General Fund base augmentation, would increase the law school's ongoing core funding by 6.7 percent. After accounting for enrollment growth, Hastings' ongoing budget would increase on a per-student basis by 2.2 percent in 2022-23.

Hastings' Base Operational Spending Increases Would Primarily Support Workload. As [Figure 4](#) on page 4 shows, Hastings' largest planned expense would be for student financial aid to accommodate enrollment growth in 2022-23. Hastings also plans to replace retiring faculty and hire additional faculty—adding, on net, one full-time equivalent tenure-track faculty member and one full-time equivalent nontenure track faculty member. Beyond these two items, Hastings intends to cover a 3 percent increase to its employee salary pool and employee benefit cost increases, as well as OE&E cost increases. Hastings also expects to incur new costs from launching its Health Policy and Law program.

Figure 2

Hastings' Enrollment Is Expected to Continue Rising in 2022-23

Full-Time Equivalent Students

	2020-21 Actual	2021-22 Estimated	2022-23 Proposed	Change From 2021-22	
				Amount	Percent
Juris Doctor Program					
Resident	813	969	1,004	35	3.6%
Nonresident	108	100	99	—	—
Subtotals	(921)	(1,069) ^a	(1,103)	(34)	(3.2%)
Master's Programs^b					
Master of Laws	21	23	24	1	5.2%
Master of Studies in Law	3	9	10	— ^c	4.3
Master of Science in Health Policy and Law	—	—	13	13	—
Subtotals	(23)	(32)	(46)	(14)	(43.7%)
Totals	944	1,101	1,149	48	4.4%

^a Notable enrollment growth is driven by Hastings enrolling relatively larger first-year cohorts in fall 2020 and fall 2021. According to Hastings, this growth reflects rising law school enrollment demand nationally.

^b Programs do not have residency classifications.

^c Reflects increase of less than half a full-time equivalent student.

Figure 3

Hastings' Base Funding Increases Under Governor's Budget

(Dollars In Millions, Except Per-Student Amounts)

	2020-21 Actual	2021-22 Revised	2022-23 Proposed	Change From 2021-22	
				Amount	Percent
Base Core Funding					
Student tuition and fees	\$44	\$48	\$51	\$3	5.5%
Base General Fund support ^a	15	17	19	2	11.9
Other	2	2	2	— ^a	-11.9
Totals	\$61	\$67	\$72	\$4	6.7%
Full-time equivalent students	944	1,101	1,149	48	4.4%
Funding per student	\$64,156	\$60,929	\$62,270	\$1,341	2.2

^a Less than \$500,000.

^b Excludes ongoing support for lease revenue bond debt service and one-time funds.

Issues for Consideration

Proposal Is a Reasonable Starting Point.

In our recent brief *The 2022-23 Budget: Analysis of Major UC Proposals*, we raise a number of concerns with the Governor's proposed base increases for UC. We do not have the same concerns with Hastings' proposed base increase. In contrast with UC, which has not connected the Governor's proposal to a specific expenditure plan, Hastings has provided the Legislature with an expenditure plan for the budget year. The plan's

identified priorities generally appear reasonable, focusing on basic workload adjustments. Moreover, in contrast to his approach for UC, the Governor does not propose committing to arbitrary outyear increases as part of a multiyear compact with Hastings. For these reasons, we think the Governor's budget proposal for Hastings is a reasonable starting point for legislative deliberations. That said, the Legislature likely will want to weigh this augmentation against its other 2022-23 budget priorities.

Figure 4

Hastings' Spending Plan Supports Several Increases

Core Spending Increases in 2022-23 (In Thousands)

Spending Component	Amount
Student financial aid	\$1,469
Faculty hiring (two positions)	1,095
Salary pool increase (3 percent)	797
Funds for budget reserves	536
New master's program	243
Operating expenses and equipment	241
Benefit cost increases	91
Total	\$4,472

Hastings May Incur Additional Costs From Name Change. In November 2021, Hastings' Board of Directors approved an initiative to change the school's name. The name change is in response to evidence indicating that the school's current namesake, Serranus Clinton Hastings, was involved in the killing and dispossession of the Yuki people. As the school's current name is codified in state law, an official name change would require legislation. According to Hastings' staff, the school likely will incur certain one-time costs from changing its name, such as updating building signs. Hastings did not recognize any associated costs from the name change in its initial spending plan.

LAO PUBLICATIONS

This post was prepared by Jason Constantouros, and reviewed by Jennifer Pacella and Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.