

HIGHER EDUCATION

California's higher education systems drive unprecedented innovation in the state and the world. Buoyed by historic investments in all facets of higher education and complementary investments in TK-12 education and the workforce, California is expanding access, increasing equity, and better connecting students to career pathways critical to the state's future.

The Administration recently finalized five-year compacts with the University of California (UC) and the California State University (CSU), and a five-year roadmap with the California Community Colleges (CCC) system. These partnerships are designed to close equity gaps, promote inclusive student success, improve time-to-degree completion, reduce students' total cost of attendance, increase the predictability of student costs, expand inclusive access for first-time and transfer students, promote intersegmental collaboration, and support workforce preparedness in high-demand career pipelines. The agreements will spur progress on key implementation priorities with greater transparency and accountability, and are also intended to inform budget and policy decisions in the coming years.

COLLEGE AFFORDABILITY

State support helps to keep the overall cost of attendance down for students attending California's postsecondary education systems. The 2021 Budget Act made significant investments to increase college affordability, including investments in learning-aligned employment opportunities for UC, CSU, and CCC students; education and training

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grants for displaced workers; funds to establish child savings accounts for low-income students in public secondary schools based on Local Control Funding Formula definitions; a substantial investment in student housing for low-income students; funds to develop zero-textbook-cost degrees; and numerous investments supporting student basic needs and emergency financial aid. Cumulatively, these investments provided nearly \$1.8 billion in new funding for college affordability in 2021-22, with commitments for additional investments in learning-aligned employment and student housing that were upheld in the Governor's Budget.

The 2021 Budget Act also expanded the Cal Grant financial aid entitlement to assist students taking a less traditional path to college by eliminating the age and time-out-of-high-school requirements for CCC students, including CCC students with dependent children. Last year, the Middle Class Scholarship was also revamped to focus on reducing students' total cost of attendance.

Additionally, the Governor's Budget maintained commitments to addressing the underlying cost drivers facing students attending college by continuing progress toward the multi-year goal of providing \$2 billion over a three-year period to support the construction of affordable student housing.

The multi-year compacts with UC and CSU, and the multi-year roadmap with the CCC Chancellor's Office, are also focused on reducing student costs and improving equity and outcomes, which can increase inclusive student success while reducing total cost of attendance through timely degree completion.

MULTI-YEAR FRAMEWORK FOR HIGHER EDUCATION

At the recommendation of the Governor's Council for Post-Secondary Education, the Governor's Budget announced an ambitious 70-percent postsecondary degree and certificate attainment goal for working-aged Californians by 2030. The multi-year compacts with the UC and CSU, and the roadmap with the CCC Chancellor's Office, articulate shared priorities and commitments between the Administration and each segment of public postsecondary education to meet the needs of California's students and the workforce of the future; close equity gaps between students who are underrepresented, low-income, or disabled and their peers; and better position California to achieve the postsecondary degree and certificate attainment goal for all.

Since the release of the Governor's Budget, the Administration and the segments have refined specific metrics for the goals and commitments set forth in the compacts and

the CCC roadmap. Most of the goals articulated for each segment in the Governor's Budget now reflect clear baselines and measurable targets for improvement within defined timelines. In some cases, gaps in currently available data were identified that presented a challenge in establishing reliable baseline information. For these goals, the segments have committed to improving data collection and including reliable baseline information and measurable targets for improvement in early progress reporting. Each segment will report annually—beginning later this year—on specific actions planned and underway to achieve each goal, quantified progress toward achieving each goal, and strategic collaborations with intersegmental partners to advance performance outcomes and benefit students.

The May Revision maintains the Administration's commitment in the compacts for funding equivalent to a five-percent increase in base General Fund resources annually over five years for UC and CSU, contingent on the ability of each segment to advance the shared goals of the compacts. Additionally, the May Revision maintains the Administration's commitment to invest available Proposition 98 resources for the CCCs to support efforts mutually prioritized in the roadmap, and to provide additional fiscal resources to the Chancellor's Office to better support colleges in meeting these goals. The sustained and predictable investments in California's public higher education systems will facilitate their ability to fulfill student-focused, shared goals.

Within the dozens of goals and commitments included in the compacts and roadmap are the following shared priorities, which will drive meaningful change for years to come:

- Expand access to the UC and CSU by increasing California resident undergraduate enrollment by a combined total of more than 22,000 full-time equivalent students between 2023-24 and 2026-27, and ensure CCC transfer students comprise a significant share of this enrollment.
- Take measurable steps to eliminate equity gaps in graduation rates between Pell Grant recipients, underrepresented students, disabled students, and their peers.
- Substantially decrease non-tuition costs for students or increase availability of lower-cost options for instructional materials, housing, food and transportation.
- Take measurable steps toward an aspirational goal of offering every UC undergraduate a pathway for debt-free education by 2029-30.
- Increase intersegmental collaboration to benefit students, including support for implementation of the Cradle-to-Career Data System, adoption of an

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intersegmental common learning management system, use of a dashboard or similar tool to identify granular equity data trends to address equity gaps, an integrated admissions platform for all segments, and improved data sharing to support transfer students.

- Take targeted steps to increase the number of students prepared to enter careers in science, technology, engineering and mathematics (STEM) fields; education, including early education, primary, secondary, and postsecondary education; technology; healthcare; climate action; and social work.
- Provide access to high-quality online course offerings for students who want to take coursework in an online learning modality.

UNIVERSITY OF CALIFORNIA

The UC offers formal undergraduate and graduate education. The UC is the public segment authorized to independently award doctoral degrees and is designated as the state's primary academic agency for research. Its ten campuses enroll approximately 290,000 students and the UC extension centers register an additional 500,000 participants in continuing education programs. In 2020-21, the UC awarded more than 85,000 degrees, including more than 65,000 undergraduate degrees.

The May Revision reflects the continuation of the multi-year compact announced in the Governor's Budget, reflecting substantial and sustained funding increases for UC, in exchange for clear commitments to expand inclusive student access, success, equity, and affordability, and to create pathways to high-demand career opportunities.

INVESTMENTS IN INNOVATION

Building on the Governor's Budget investments in climate change research and the creation of several climate/workforce hubs, the May Revision proposes \$500 million one-time General Fund to establish a new Institute for Immunology and Immunotherapy, consisting of \$300 million in 2022-23 and an additional \$200 million planned for this purpose in 2023-24. The Institute will be established at UC Los Angeles (UCLA), bringing together academics and researchers for collaborative research to maintain California's leading edge in biotechnology. The Institute will also serve as a hub and incubator for firms and entrepreneurs in the biotechnology industry and will expand opportunities for students to connect to careers in biotechnology.

DETAILED BUDGET ADJUSTMENTS

ONGOING ADJUSTMENTS

- **UC Labor Centers**—An increase of \$13 million ongoing General Fund to support the operations of existing UC Labor Centers and Occupational Safety and Health Programs, and invest in similar new initiatives throughout the UC system.
- **ASSIST Integration for Independent Institutions**—An increase of \$1.5 million General Fund, \$650,000 of which is ongoing, to integrate member institutions of the Association of Independent California Colleges and Universities onto the ASSIST platform. ASSIST provides prospective transfer students with information on course transferability to four-year institutions.

ADDITIONAL ONE-TIME ADJUSTMENTS

- **Center for Responsible, Decentralized Intelligence**—An increase of \$5 million one-time General Fund to support the Center for Responsible, Decentralized Intelligence at UC Berkeley, which promotes research, education, and entrepreneurship in blockchain and Web3.
- **Ralph J. Bunche Center**—An increase of \$5 million one-time General Fund to support the Ralph J. Bunche Center for African-American Studies at UCLA.
- **Fire Advisors**—A shift of \$2 million one-time General Fund to support UC Fire Advisors, proposed under the California Department of Forestry and Fire Protection in the Governor's Budget. The Administration intends to maintain support for the program at the same level in 2023-24.
- **Prop. 56 Backfill**—An increase of \$2.1 million General Fund compared to the Governor's Budget adjustment for this purpose, to maintain funding for graduate medical education at \$40 million annually.

CALIFORNIA STATE UNIVERSITY

The CSU provides undergraduate and graduate instruction generally up to the master's degree. The CSU serves approximately 462,000 undergraduate and graduate students across 23 campuses, and also provides opportunities for students to enroll in professional and continuing education programs. In 2020-21, the CSU awarded more than 132,000 degrees.

The May Revision reflects the continuation of the multi-year compact announced in the Governor's Budget, reflecting substantial and sustained funding increases for CSU, in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities.

CAPITAL INVESTMENTS

The May Revision includes several investments in capital infrastructure, including \$80 million one-time General Fund to expand the San Diego State University, Brawley Center in Imperial Valley to support a local workforce pipeline to aid the state's goals for development of the Lithium Valley vision, as reflected in the Climate Change Chapter. Additionally, the May Revision provides CSU \$67.5 million toward construction of the CSU Fullerton Engineering and Computer Science Innovation Hub. The investments in the San Diego State University, Brawley Center and the CSU Fullerton Engineering and Computer Science Innovation Hub will expand campus infrastructure to support the growing need for a highly-skilled, STEM-trained workforce for all industries, expand access to a CSU education, and create California-based collaborative solutions to climate change.

Additionally, the May Revision includes an increase of \$25 million one-time General Fund to support equipment and facilities for CSU University Farms, providing a total of \$75 million for this purpose when combined with the Governor's Budget investment.

ADDITIONAL ADJUSTMENT

- **Foster Youth Support Services**—An increase of \$1.5 million General Fund to support First Star Foster Youth Cohorts at CSU East Bay and CSU Northridge.

CALIFORNIA COMMUNITY COLLEGES

The CCCs are the largest system of higher education in the country, serving roughly one out of every four of the nation's community college students, or approximately 1.8 million students. The CCCs provide basic skills, vocational, and undergraduate transfer education with 73 districts, 116 campuses, and 78 educational centers. In 2020-21, the CCCs awarded over 116,000 certificates and 201,000 degrees and transferred over 114,000 students to four-year institutions.

The May Revision reflects the continuation of the multi-year roadmap announced in the Governor's Budget, focusing on equity and student success, enhancing the system's ability to prepare students for California's future. The roadmap builds upon existing efforts taken by colleges toward meeting the goals established in the CCC system's Vision for Success and establishes shared expectations of the community college system for fiscal year 2022-23 and beyond, including investing available Proposition 98 resources for the colleges to support these efforts and providing additional fiscal resources to the Chancellor's Office to better support the colleges in meeting these goals. The roadmap works in tandem with the UC and CSU compacts to increase transfer capacity and streamline transfer pathways between the segments.

SUPPORTING DISTRICTS WITH THE STUDENT CENTERED FUNDING FORMULA

The Administration continues to support the Student Centered Funding Formula (SCFF), which has provided fiscal stability for districts during the COVID-19 Pandemic, and continues to prioritize access and student success. Even with the protections provided by the SCFF, districts continue to face uncertainty related to enrollment declines experienced as a result of the COVID-19 Pandemic and the potential expiration of the regulatory Emergency Conditions Allowance in 2022-23. The Administration expects the stability provisions included within the SCFF will protect district funding levels in 2022-23. Additionally, the May Revision contains significant augmentations to the SCFF that should help districts further support their students and staff.

The one-time and ongoing base investments proposed in alignment with the system's roadmap goals will help strengthen student success, facilitate districts' ability to support student enrollment and retention, and provide districts with additional fiscal stability.

The May Revision includes funding to re-engage students that left the system during the pandemic and to stabilize CCC operations given enrollment declines due to the pandemic. These investments also align with the roadmap:

- **Base Increase**—An increase of \$250 million ongoing Proposition 98 General Fund to increase the SCFF's funding rates for the base, supplemental, and success allocations. Additionally, the May Revision proposes \$125 million ongoing Proposition 98 General Fund to augment the Formula's basic allocation within the base allocation, in recognition of the significant digital footprints that districts have developed to accommodate long-term shifts in student learning modality demand.

- **Discretionary Block Grants**—An increase of \$750 million one-time Proposition 98 General Fund to community college districts for discretionary block grants to address issues related to the pandemic and to reduce long-term obligations.
- **Foster Youth Support Services**—An increase of \$10 million ongoing Proposition 98 General Fund, above what was provided in the Governor's Budget, to expand availability of foster youth support services offered by the NextUp program.
- **Student Equity and Achievement**—An increase of \$25 million ongoing Proposition 98 General Fund for an approximately five-percent increase to the Student Equity and Achievement program.

CCC CHANCELLOR'S OFFICE SUPPORT

The May Revision includes \$2.6 million ongoing non-Proposition 98 General Fund to support shifting 10 positions proposed in the Governor's Budget for 2023-24 to 2022-23, as well as 7 additional positions to support the implementation of the Cradle-to-Career Data System, assist colleges with affordable student housing, and build capacity to accommodate the increase in contracts and reporting requirements. Combined with Governor's Budget investments, these augmentations provide the CCC Chancellor's Office a total of \$3.9 million ongoing non-Proposition 98 General Fund for 26 positions in 2022-23, bolstering capacity to support the system.

OTHER BUDGET ADJUSTMENTS

SUPPORTING APPRENTICESHIPS

- **California Healthy School Meals Pathway Program**—An increase of \$45 million one-time Proposition 98 General Fund to support the implementation of the California Healthy School Meals Pathway Program, which is a pre-apprenticeship, apprenticeship, and fellowship workforce training pipeline pilot program for school food service workers.
- **Apprenticeship Program Related and Supplemental Instruction (RSI) Rate**—An increase of \$16.9 million ongoing Proposition 98 General Fund to align the apprenticeship program RSI rate with the SCFF credit rate, as opposed to the noncredit rate.

ADDITIONAL INVESTMENTS

- **Apportionments Cost-of-Living Adjustment and Growth**—An increase of \$83.5 million ongoing Proposition 98 General Fund to reflect a change in the cost-of-living adjustment for apportionments from 5.33 percent to 6.56 percent, and an increase of \$1.3 million ongoing Proposition 98 General Fund to sustain 0.5-percent enrollment growth.
- **Deferred Maintenance**—An increase of \$1.1 billion one-time Proposition 98 General Fund to support deferred maintenance and energy efficiency projects at community colleges, bringing the cumulative total for Governor's Budget and May Revision investments to more than \$1.5 billion, of which \$863 million is from 2022-23, \$563.5 million is from 2021-22, and \$96.5 million is from 2020-21.
- **Local Property Tax Adjustment**—An increase of \$113.2 million ongoing Proposition 98 General Fund as a result of decreased offsetting local property tax revenues.
- **CCC Facilities**—General Obligation bond funding of \$403 million one-time for the construction phase of 19 projects anticipated to complete design by Spring 2023, the design phases of 2 projects, and both the working drawings and construction for 1 project. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51.
- **Classified Employee Summer Assistance Program**—An increase of \$10 million ongoing Proposition 98 General Fund to establish the Classified Employee Summer Assistance Program for community college classified employees.
- **Foster and Kinship Care Education Program**—An increase of \$500,000 ongoing Proposition 98 General Fund to backfill an estimated decrease in federal matching funds provided to Foster and Kinship Care Education programs, maintaining current funding levels.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers financial aid programs, including the Cal Grant program and the Middle Class Scholarship Program. The state's Cal Grant program is estimated to provide nearly 408,000 financial aid awards to students who meet specified eligibility criteria in fiscal year 2022-23.

The May Revision maintains all financial aid programs, with only caseload adjustments, including support for significant financial aid expansions initiated in the

2021 Budget Act—the CCC Cal Grant entitlement expansion and modification of the Middle Class Scholarship program.

OTHER ADJUSTMENTS

- **Cal Grant Program Caseload Adjustments**—The May Revision reflects updated Cal Grant expenditures based on the latest estimates of enrollment of Cal Grant-eligible students. In total, the May Revision reflects estimated Cal Grant expenditures of approximately \$2.2 billion in 2020-21, \$2.4 billion in 2021-22, and \$2.5 billion in 2022-23.
- **Independent Institutions**—The Administration has also determined that a good-faith effort has been made by independent institutions of higher education toward meeting the statutory Associate Degree for Transfer commitment required to maintain the maximum award amount for students attending independent institutions of higher education at \$9,220 for the 2022-23 award year.
- **Financial Aid Programs**—An increase of \$410,000 ongoing General Fund for three positions at the California Student Aid Commission to support financial aid programs. Combined with the Governor's Budget, this augmentation provides the California Student Aid Commission \$889,000 for eight positions beginning in 2022-23 to support financial aid workload.

SCHOLARSHARE INVESTMENT BOARD

The ScholarShare Investment Board administers the Golden State ScholarShare College Savings Trust Program (ScholarShare 529) and the California Kids Investment and Development Savings Program (CalKIDS).

The CalKIDS program funds college savings accounts targeted to low-income and underrepresented public school students, in addition to establishing college savings accounts for all newborns.

SIGNIFICANT ADJUSTMENT

- **CalKIDS Implementation**—An increase of \$299,000 one-time General Fund and \$1.5 million ongoing General Fund beginning in 2023-24, to support the recent expansion of the CalKIDS program, including participant notifications and call center services.

HASTINGS COLLEGE OF THE LAW

Hastings College of the Law is affiliated with the UC system, but is governed by its own Board of Directors. Located in San Francisco, it primarily serves students seeking a Juris Doctor degree, but also offers programs leading to Master of Laws; Master of Studies in Law; and Master of Science, Health Policy and Law degrees. In 2020-21, UC Hastings enrolled 944 full-time equivalent students. Of these, 813 were Juris Doctor students.

SIGNIFICANT ADJUSTMENTS

- **Support for 100 McAllister Street Project**—An increase of \$90 million one-time General Fund to support the facility improvement project at the institution's 100 McAllister Street building. This project will provide for the institution's continued use of 252 campus housing units at below market rents, will add at least 5 additional campus housing units, and will renovate space within the facility to be used for academic purposes.
- **Support for Renaming Costs**—An increase of \$885,000 to support costs associated with changing the name of the institution, conditioned upon enactment of legislation authorizing a name change.

CALIFORNIA STATE LIBRARY

The California State Library serves as the central reference and research library for the Governor and the Legislature. The Library collects, preserves, generates, and disseminates information, and provides critical assistance to libraries across the state. The Library administers programs funded by state and federal funds to support local and public library programs.

SIGNIFICANT ADJUSTMENTS

- **State Parks Passes**—As referenced in the General Government and Statewide Issues Chapter, an increase of \$13.5 million one-time General Fund for the California Department of Parks and Recreation to expand availability of state parks passes offered via local libraries, in partnership with the California State Library.
- **Online Job Training and Workforce Development**—An increase of \$1.4 million one-time General Fund to support online job training and workforce development

resources targeting older adults and veterans at California's local libraries, building upon the Governor's Budget investment of \$8.8 million to support two additional years of free online job training and workforce development programs available through public libraries.

- **Library Services Modernization and Online Database Subscriptions**—An increase of \$570,000 ongoing General Fund to modernize State Library services with an automated loan system, and provide subscriptions to e-books and specialized online databases.
- **Administrative Workload**—An increase of \$363,000 ongoing General Fund to support increased administrative and personnel workload.
- **Communications and Outreach to Local Libraries**—An increase of \$335,000 ongoing General Fund to expand public outreach and education to California local libraries and patrons in under-served and multilingual communities.

BUREAU FOR PRIVATE POSTSECONDARY EDUCATION

The Bureau for Private Postsecondary Education protects students and consumers through the oversight of California's private postsecondary educational institutions. Many private postsecondary educational institutions offer quality educational programs that help their students succeed in the labor market. Those institutions can help the state reach its educational attainment goals, including closing equity gaps and educating a prepared workforce. However, those institutions that fall short may leave Californians worse off than if they had not enrolled in college, with debt to pay and few usable skills. State-level oversight can serve to distinguish between the two. However, Bureau oversight is neither appropriately targeted nor resourced. To that end, the Administration is committed to working in partnership with the Legislature on statutory reforms to enhance the state's oversight of private colleges to protect consumers and help students reach their educational goals.

Furthermore, a consistent and reliable approach to regulatory oversight of private for-profit institutions must be supported with stable funding. However, the Bureau's fee model is inherently unstable because it is based on the profitability of a nimble industry shaped heavily by external forces. The May Revision provides \$24 million General Fund over three years to provide the Bureau with stable funding while the Bureau develops an improved fee model for its licensees.