Higher Education

The May Revision reflects the continued implementation of the second year of the multi-year compacts with the University of California (UC) and the California State University (CSU), and the multi-year roadmap with the California Community Colleges (CCCs), which focus on shared priorities benefitting students. Although available General Fund resources declined between the Governor’s Budget and the May Revision, the Administration remains committed to the shared goals of the compacts, which include increasing access to the UC and CSU, improving student success while advancing equity, increasing the affordability of higher education, increasing intersegmental collaboration, and supporting workforce preparedness in high-demand career pipelines. The May Revision reflects continuing support for the 5-percent base augmentations reflected in the compacts for the UC and CSU.

The May Revision proposes total funding of $40.4 billion ($27.3 billion General Fund and local property tax and $13.1 billion other funds) for the three higher education segments and the California Student Aid Commission.

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 294,000 students and the UC extension centers register an additional 500,000 participants in continuing education programs. In 2021-22, the UC
awarded more than 84,000 degrees, including more than 62,000 undergraduate degrees.

The May Revision reflects continued support for the multi-year compact that includes substantial and sustained funding increases for the UC, in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. The Administration will continue to monitor the UC’s actions toward meeting the goals of the compact, which include a continued focus toward reducing students’ cost of attendance, increasing enrollment, and increasing the number of students prepared to enter high-needs areas of the state’s economy.

**SIGNIFICANT ADJUSTMENTS**

- **Shift Financing Approach for the UC Berkeley Clean Energy Campus Project and UC Merced and UC Riverside Campus Expansion Projects**—Shift $498 million in current and planned General Fund support for the UC Berkeley clean energy campus project and UC Merced and UC Riverside campus expansion projects from General Fund to UC-issued bonds, and an increase of $33.3 million ongoing General Fund to support the underlying debt service on those bonds.

- **Shift Financing Approach for UC Affordable Student Housing Grants**—Shift approximately $437 million in current and planned General Fund support for UC affordable student housing grants from General Fund to UC-issued bonds, and reflect an increase of $30 million ongoing General Fund to support the underlying debt service on those bonds.

- **Support for UC Division of Agriculture and Natural Resources**—A shift of $4.8 million from UC’s main appropriation to provide continued support for UC Agriculture and Natural Resources. This is roughly equivalent to 5 percent of the base increase provided at Governor’s Budget less resources provided for enrollment growth.

- **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.

- **UC Riverside School of Medicine**—An increase of $2 million ongoing General Fund to support the UC Riverside School of Medicine.

- **UC Global Entrepreneurs**—An increase of $2 million one-time General Fund to pilot an entrepreneur in residence project for foreign born entrepreneurs and UC students in support of job creation and fostering global talent for innovation in areas of need. This complements recent investments in immigrant talent and opportunity.
through efforts for youth, college students, workers and those pursuing professional licenses and entrepreneurship.

- **Graduate Medical Education Backfill**—An increase of $1.2 million ongoing General Fund to offset declining Proposition 56 revenue for a statewide grant program and maintain $40 million in total ongoing for graduate medical residency slots.

**CALIFORNIA STATE UNIVERSITY**

The CSU provides undergraduate and graduate instruction generally up to the master’s degree. The CSU serves approximately 458,000 undergraduate and graduate students across 23 campuses, and also provides opportunities for students to enroll in professional and continuing education programs. In 2021-22, the CSU awarded more than 132,000 degrees.

The May Revision reflects continued support for the multi-year compact that includes substantial and sustained funding increases for the CSU in exchange for clear commitments to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. The Administration will continue to monitor the CSU’s actions toward meeting the goals of the compact, which include a continued focus toward reducing students’ cost of attendance, increasing enrollment, and increasing the number of students prepared to enter high-needs areas of the state’s economy.

**SIGNIFICANT ADJUSTMENTS**

- **Shift Financing Approach for CSU Affordable Student Housing Grants**—A shift of approximately $655 million in current and planned General Fund support for CSU affordable student housing grants from General Fund to CSU-issued bonds and an increase of $45 million ongoing General Fund to support the underlying debt service on those bonds.

- **Shift Financing Approach for Cal Poly Humboldt Infrastructure Projects**—A shift of approximately $201 million General Fund support provided in the 2021 Budget Act to support Cal Poly Humboldt Infrastructure projects from General Fund to CSU-issued bonds, and reflect an increase of $16 million ongoing General Fund to support the underlying debt service on those bonds.

- **Restoration of Support for University Farms**—An increase of $75 million one-time General Fund to support improvements at CSU’s university farming operations. Some
expenditures for this purpose were determined to be ineligible for CSU-issued bond funding.

- **CSU Chico Human Identification Laboratory**—An increase of $3.1 million ongoing General Fund to support the construction of the Human Identification Laboratory at the CSU Chico campus through the issuance of CSU bonds.

## 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 2021-22, the CCCs awarded over 110,000 certificates and 198,000 degrees and transferred over 107,000 students to four-year institutions.

The May Revision continues to reflect a focus on the CCC multi-year roadmap, which focuses on equity, student success, and enhancing the system’s ability to prepare students for California’s future.

## Providing Flexibility for Districts Meeting CCC Roadmap Goals

The May Revision proposes statutory changes to allow all CCC districts to spend flexibly among specified categorical programs, beginning in 2023-24:

- Student Equity and Achievement Program
- Student Financial Aid Administration
- Student Mental Health Resources

The proposed statutory changes would stipulate that after five years, the CCC Chancellor’s Office (Chancellor’s Office) would assess district-level progress in meeting five of the roadmap goals, as selected by the Chancellor’s Office. CCC districts that are not making sufficient progress toward the roadmap goals, as defined by the Chancellor’s Office, would have their flexible spending authority revoked and be offered technical assistance.

In addition, the May Revision proposes statutory changes to expand eligible uses of funding for the CCC Strong Workforce Program funding, including providing funds for
student grants to cover fees for third-party certification and licensing and supporting applied and experiential learning in the workplace, including, but not limited to, work-based learning programs and models.

**Significant Adjustments**

- **Apportionments Cost-of-Living Adjustment and Growth**—An increase of $25.4 million ongoing Proposition 98 General Fund to reflect a change in the cost-of-living adjustment for apportionments from 8.13 percent to 8.22 percent, and a decrease of approximately $2.4 million ongoing Proposition 98 General Fund needed to sustain 0.5-percent enrollment growth.

- **CCC Categorical Program COLA**—An increase of $3 million ongoing Proposition 98 General Fund to provide an 8.22 percent COLA for select categorical programs and the Adult Education Program.

- **Fund Budget Year Apportionments with One-Time Resources**—An increase of approximately $503 million one-time Proposition 98 General Fund to support Student-Centered Funding Formula costs for 2023-24.

- **LGBTQ+ Pilot Project**—An increase of $10 million a year for three years Proposition 98 General Fund to support the Los Angeles Community College District LGBTQ+ Pilot Project.

- **East Los Angeles College Entrepreneurship and Innovation Center**—An increase of $2.5 million one-time Proposition 98 General Fund for the East Los Angeles College Entrepreneurship and Innovation Center.

- **Student Enrollment and Retention**—A decrease of $100 million one-time Proposition 98 General Fund in proposed support for community college efforts and focused strategies to increase student retention rates and enrollment, bringing the cumulative total for Governor’s Budget and May Revision investments for this purpose to $100 million one-time Proposition 98 General Fund, reflecting revised estimates of available Proposition 98 resources.

- **Student Success and Completion Grant Program**—A decrease of $50 million one-time Proposition 98 General Fund to reflect revised program participation estimates, bringing the cumulative 2023-24 support for this program to a total of approximately $362.6 million Proposition 98 General Fund.

- **California Community College COVID-19 Recovery Block Grant**—A decrease of approximately $345 million one-time Proposition 98 General Fund in support of the California Community College COVID-19 Recovery Block Grant, bringing the block
grant amount to $305 million one-time Proposition 98 General Fund, reflecting revised estimates of available Proposition 98 resources.

- **Deferred Maintenance**—A decrease of approximately $239 million one-time Proposition 98 General Fund for deferred maintenance needs, for a total reduction of $452 million one-time Proposition 98 General Fund when combined with the reduction proposed in the Governor’s Budget. These adjustments reflect revised estimates of available Proposition 98 resources.

- **Local Property Tax Adjustment**—A decrease of $19.6 million ongoing Proposition 98 General Fund as a result of increased offsetting local property tax revenues.

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**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 393,000 financial aid awards to students who meet specified eligibility criteria in fiscal year 2023-24.

The May Revision proposes winding down the Golden State Education and Training Program, but maintains all other financial aid programs, with only caseload adjustments.

The Administration continues to remain attentive to the 2022 Budget Act’s provisions regarding the fiscal conditions upon which the Cal Grant Reform Act may be implemented and will continue to work closely with the Legislature, the Commission, and others as that time draws closer.

**SIGNIFICANT 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 2021-22, $2.3 billion in 2022-23, and $2.3 billion in 2023-24.

- **Golden State Education and Training Program**—As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes a decrease of $480 million one-time General Fund to wind down the Golden State Education and Training Program at the end of the 2022-23 fiscal year.
• **Golden State Teacher Grant Program**—As referenced in the K-12 Education Chapter, an increase of $6 million one-time federal funds to support grants to students enrolled in a special education teacher preparation program at high-need school sites. Additionally, the May Revision alters proposed statutory changes transmitted with the Governor’s Budget to maintain the requirement that awardees serve in high-needs schools.

• **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 $9,358 for the 2023-24 award year.

• **Financial Aid Programs**—An increase of $397,000 ongoing General Fund currently unallocated for four 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 $638,000 for four positions beginning in 2023-24 to support financial aid workload.

• **Cash for College**—An increase of $103,000 ongoing General Fund currently unallocated in the California Student Aid Commission’s budget to support the Cash for College program. This represents a roughly 31-percent increase for this program.

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**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 ADJUSTMENTS**

• **CalKIDS Current Year Caseload**—A decrease of $30 million one-time General Fund in 2022-23 to reflect revised estimates of the number of eligible students.
• **CalKIDS Implementation**—An increase of $158,000 ongoing General Fund in 2023-24, to support the recent expansion of the CalKIDS program and financial literacy initiatives.

### Student Housing

The 2021 Budget Act established the Higher Education Student Housing Grant Program to provide grants for the CCCs, CSU, and UC to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. The 2022 Budget Act allocated approximately $1.4 billion one-time General Fund to CCC, CSU, and UC campuses for this program. The Governor’s Budget proposed $500 million one-time General Fund for 2023-24 and $250 million one-time General Fund for 2024-25 for affordable student housing projects.

The May Revision instead proposes $450 million one-time General Fund for 2023-24 and $95.4 million one-time General Fund for 2024-25 for CCC affordable student housing projects. The May Revision also proposes to shift approximately $1.1 billion in current and planned General Fund support for UC and CSU affordable student housing grants from General Fund to UC- and CSU-issued bonds, and reflects an increase of $75 million ongoing General Fund to support the underlying debt service on those bonds.