

Higher Education Budget Overview

LEGISLATIVE ANALYST'S OFFICE

Presented To:
Assembly Higher Education Committee

March 16, 2004





Proposed Higher Education Funding

(Dollars in Millions)

University of California (UC)				
General Fund	\$2,868.2	\$2,670.5	-\$197.7	-6.9%
Student fee revenue	1,084.1	1,271.0	186.9	17.2
Federal and other funds	14,068.2	14,498.8	430.6	3.1
Totals	\$18,020.5	\$18,440.4	\$419.9	2.3%
California State University (CSU)				
General Fund	\$2,630.1	\$2,409.6	-\$220.5	-8.4%
Student fee revenue	1,016.5	1,165.6	149.1	14.7
Federal and other funds	2,191.1	2,180.1	-11.0	-0.5
Totals	\$5,837.6	\$5,755.2	-\$82.4	-1.4%
California Community Colleges (CCC)				
General Fund	\$2,252.8	\$2,423.0	\$170.2	7.6%
Local property tax revenue	2,114.8	2,264.4	149.7	7.1
Student fee revenue	265.1	356.1	91.0	34.3
Federal and other funds	1,579.3	1,579.2	-0.1	—
Totals	\$6,212.0	\$6,622.8	\$410.8	6.6%
Student Aid Commission				
General Fund	\$630.2	\$684.0	\$53.8	8.5%
Federal and other funds	665.2	664.6	-0.5	-0.1
Totals	\$1,295.3	\$1,348.6	\$53.3	4.1%
Other^b				
General Fund	\$13.1	\$10.1	-\$3.0	-22.6%
Student fee revenue	18.5	24.6	6.1	32.9
Federal and other funds	17.2	15.6	-1.6	-9.6
Totals	\$48.9	\$50.3	\$1.5	3.1%
General Fund	\$8,394.4	\$8,197.2	-\$197.1	-2.3%
Property tax revenue	2,114.8	2,264.4	149.7	7.1
Student fee revenue	2,384.3	2,817.3	433.1	18.2
Federal and other funds	18,520.9	18,938.4	417.4	2.3
^a General Fund amounts exclude capital outlay and payments on general obligation bonds. ^b Includes Hastings College of the Law and the California Postsecondary Education Commission.				



Major Policy Features of Governor's Higher Education Budget Proposal



All Enrollment Growth Directed to CCC

- No new funding for enrollment growth at UC and CSU, per 2003-04 budget package.
- 10 percent of new freshman enrollment at UC and CSU redirected to CCC.
- 3 percent enrollment growth funding for CCC.



All General Fund Support Eliminated for UC and CSU Outreach Programs

- Reduction of about \$60 million from revised 2003-04 level.
- Budget includes \$37 million for financial aid outreach at CCC.



Significant Fee Increases at All Segments

- 10 percent increase for UC and CSU undergraduates.
- 40 percent increase for UC and CSU graduates.
- \$8 per unit increase for CCC students.
- 20 percent increase for UC and CSU nonresident students.
- Other increases for baccalaureate holders at CCC; UC and CSU students enrolled in excess course units; and professional school students.



New Restrictions and Reductions for Financial Aid

- Reduces Cal Grant income ceilings.
- Does not increase Cal Grant awards to offset proposed fee increases at UC and CSU.
- Reduces Cal Grant awards for financially needy students at private colleges.



LAO Higher Education Recommendations Would Better Preserve Access and Achieve Same General Fund Savings

- Maintain outreach services .
 - Preserve selected UC and CSU outreach services.
 - Establish College Preparation Block Grant for targeted K-12 schools.

- Stabilize and provide meaningful basis for fees through long-term fee policy.
 - Base fees on fixed share of total per-student cost.
 - Include CCC fees under policy.

- Ensure continued integrity of financial aid programs.
 - Reject new Cal Grant restrictions.
 - Recouple Cal Grants with fee increases.
 - Restore private college Cal Grants.