

## LEGISLATIVE ANALYST'S OFFICE PRELIMINARY SUMMARY OF THE GOVERNOR'S HIGHER EDUCATION BUDGET PROPOSAL

The Legislative Analyst's Office will publish key tables on its website within the next day, its Overview of the Governor's Budget early next week, and its Analysis within a few weeks.

<b>Higher Education General Fund Support*</b>				<b>Change from 2012-13</b>	
<i>General Fund (Dollars in Millions)</i>					
	<b>2011-12 Actual</b>	<b>2012-13 Revised</b>	<b>2013-14 Proposed</b>	<b>Amount</b>	<b>Percent</b>
University of California	\$2,504	\$2,567	\$2,846	\$279	11%
California State University	2,228	2,492	2,809	317	13%
California Community Colleges	3,612	3,802	4,503	701	18%
Hastings College of the Law	8	9	10	0	3%
California Student Aid Commission	1,533	1,624	1,722	98	6%
<b>Grand Totals</b>	<b>\$9,885</b>	<b>\$10,494</b>	<b>\$11,890</b>	<b>\$1,396</b>	<b>13%</b>

\*For UC, CSU, and Hastings includes general obligation bond debt service in each year. For CCC, includes general obligation bond debt service and funding for the CCC Chancellor's Office. For CSAC, includes federal Temporary Assistance for Needy Families and the Student Loan Operating Fund support that directly offsets General Fund costs.

### UC, CSU, and Hastings

- Proposes Long-Term Plan.** Like last year, the Governor proposes a long-term funding plan with 5 percent increases in BY and B+1, and 4 percent increases for the following two years. Unlike last year, he does not explicitly make the new funding contingent on performance but articulates an expectation that the segments will use the increases to improve outcomes and reduce costs. The increases for both UC and CSU are based on UC's current-year budget plus the tuition buyout funding discussed below, resulting in \$125.1 million for each segment. For UC and CSU, \$10 million of this amount would be earmarked to increase course availability through the use of technology.
- Proposes No Enrollment Targets.** The Governor does not propose enrollment targets. The CSU plans to keep enrollment flat while UC plans to increase total enrollment by about 1 percent.
- Assumes No Tuition Increases.** The Governor expects the universities to maintain current tuition levels for the next four years.
- Funds 2012-13 Tuition Buyout.** The budget includes \$125 million each for UC and CSU for not raising tuition in the current year, per AB 1502.

- **Shifts Debt Service.** Like last year, the Governor proposes to shift general obligation bond debt service into the UC, CSU, and Hastings budgets and to forego future adjustments for all debt service.
- **Caps CSU Retirement Adjustments.** The Governor proposes to base all future retirement adjustments on CSU's current-year payroll base. CSU would have to cover incremental retirement costs resulting from salary increases or new hiring (beyond replacements).
- **Gives CSU Authority to Negotiate Employee Health Benefits Rates.** The Governor proposes to give CSU the same statutory authority the Department of Human Resources has for other state employees to negotiate or set health benefit rates for employees.
- **Proposes Unit Caps.** The Governor proposes to limit the number of subsidized course units a student may accrue. For the first two years, the limit would be 150 percent of degree requirements (for example, 180 units for a standard bachelor's degree and 90 units for an associate degree). The limit would eventually be reduced to the equivalent of about one extra year of full-time attendance (for example, 150 units for a bachelor's and 90 for an associate).

#### **Student Aid Commission**

- **Funds Increased Cal Grant Participation.** Provides \$61 million in CY and an additional \$100 million in BY to cover increased participation in Cal Grant programs. Also increases TANF offset by about \$140 million and reduces SLOF by about \$25 million.