

**Higher Education Policy Proposals  
Contained in the Governor's Proposed  
2004-05 State Budget**

<b>Student Fee Policies</b>		
1.	<p><b>Undergraduate Student Fees at University of California (UC) and California State University (CSU).</b> The Governor proposes that undergraduate fee increases be adjusted annually consistent with changes in the State's per capita personal income. When budgetary pressures warrant, undergraduate fees could be increased by a maximum of 10%.</p>	A 10% systemwide student fee increase would yield approximately \$79.5 million at UC and about \$59 million at CSU.
2.	<p><b>Graduate Student Fees at UC and CSU.</b> The Governor has proposed that graduate student fees equal 150% of the undergraduate student fees. This proposal is linked with the argument that graduate education has greater personal benefits than undergraduate education, and that the public benefits of graduate education are less comparable than investments in undergraduate education.</p>	A 40% increase in graduate student fees would yield about \$72 million at UC and about \$47 million at CSU.
3.	<p><b>Privatization of profession schools at UC.</b> The budget proposes a 25% reduction in state funding for UC profession schools to be replaced by revenue from other sources including higher student fee levels.</p>	The 25% reduction in state support for the University's profession schools is budgeted at \$42.6 million.
4.	<p><b>Surcharge on "excess" units taken by UC and CSU undergraduates.</b> Students who have taken more than 110% of the units required for their degree would be charged the full cost of their instruction.</p>	The Governor's budget assumes savings of \$9.3 million at UC and \$24.4 million at CSU, as a result of implementing this "excess units" surcharge.
5.	<p><b>Differential fees for community college students with a Baccalaureate</b></p>	This proposed differential fee is estimated to generate about \$17.6 million in additional

	<b>(BA) Degree.</b> The Governor has proposed that community college students with a BA degree should receive a smaller state subsidy for their studies than do other community college students.	revenue.
1.	<b>Reduce Cal Grant A and B Income Ceiling.</b> The Governor has proposed that the income ceilings for the Cal Grant A and B programs be reduced by 10%.	This proposal would result in savings of about \$11 million to the Cal Grant program.
2.	<b>Reduce by 44% the maximum Cal Grant award amount for new recipients attending non-public institutions.</b> The Governor has proposed that the maximum Cal Grant award for new recipients attending non-public California institutions be reduced from \$9,708 to \$5,482.	This proposal would result in savings of about \$32.7 million to the Cal Grant program.
3.	<b>Decouple the UC and CSU Cal Grant award amount from the UC and CSU student fee levels.</b> The Governor has proposed to decouple the Cal Grant award amount for UC and CSU Cal Grant recipients from their student fee levels. As a result, the 10% increase in undergraduate fees proposed for UC and CSU students would not be covered for Cal Grant recipients.	This proposal would result in savings of about \$30 million to the Cal Grant program.
1.	<b>No funding for enrollment growth at UC and CSU.</b> Consistent with legislative direction in the 2003-04 budget act, no funding has been proposed for enrollment growth at UC and CSU.	The General Fund savings resulting from not funding enrollment growth is estimated to be approximately \$40 million at UC and approximately \$80 million at CSU.

2.	<p><b>Divert 10% of UC and CSU freshman students to the community colleges.</b>  The Governor has proposed that approximately 3,200 UC freshmen and approximately 4,100 CSU freshmen be diverted from UC and CSU and instead enroll in the community colleges. As an incentive, the diverted students would be eligible to have their community college fees waived.</p>	<p>The General Fund savings associated with redirecting these freshmen to the community colleges is estimated to be \$23.2 million at the UC and \$19.2 million at the CSU</p>
1.	<p>The Governor has proposed to eliminate state funding for the several preparation for success (outreach) programs operated by UC and CSU, in collaboration with community colleges and secondary schools.</p>	<p>The budget proposes to reduce UC's funding for these programs by \$33.3 million in General Fund support and CSU funding by \$52 million.</p>

Information in this table was presented in a report prepared by the California Postsecondary Education Commission (CPEC), entitled "Recommendations on Higher Education Policies Contained in the Governor's Proposed 2004-05 State Budget," March 9, 2004