

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Kevin McCarty, Chair

**TUESDAY, MAY 2, 2023**  
**9:00 A.M. - STATE CAPITOL, ROOM 447**

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<https://assembly.ca.gov/todayevents>.*

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**0954 SCHOLARSHARE INVESTMENT BOARD****ISSUE 1: CALKIDS PROPOSALS**

The Subcommittee will discuss the California Kids Investment and Development Savings (CalkIDS) program, including the Governor's Budget proposals to shift \$30 million ongoing General Fund within, and to provide \$1 million one-time General Fund to support marketing and outreach efforts for the CalkIDS program.

**PANEL**

- Devin Mitchell, Department of Finance
- Lisa Qing, Legislative Analyst's Office
- Noah Lightman, Scholarshare

**BACKGROUND**

***CalkIDS Program Provides College Savings Accounts to Children.*** The state created the CalkIDS program in the 2019-20 budget package. Under the program, the Scholarshare Investment Board (SIB) opens college savings accounts and makes deposits for eligible children. The deposits are invested so they have the potential to grow over time. (Parents cannot contribute to these accounts, but they may open a Scholarshare 529 account to save their own funds.) To access funds in a CalkIDS account, a family must register on SIB's online portal. Once the child goes to college, the funds in their CalkIDS account can be spent on qualified higher education expenses—generally tuition and fees, books and supplies, computer equipment, and room and board costs. The funds can be spent at any higher education institution eligible for federal financial aid as well as registered apprenticeship programs. If the funds are not spent by the time the beneficiary reaches age 26, the funds revert to the CalkIDS program.

***All Newborns Receive Seed Deposits.*** The CalkIDS program has two main components. Under the first component, SIB is to open a college savings account for every child born in California and provide a seed deposit of at least \$25 in each account. This component is universal, meaning all newborns receive seed deposits regardless of their financial need. The state is providing \$15 million ongoing General Fund to support seed deposits for children born on or after July 1, 2022.

***Low-Income First Graders Receive Additional Deposits.*** Under the second component of the CalkIDS program, SIB is to provide a deposit of \$500 to each first grader who is low-income (as defined under the Local Control Funding Formula). First graders qualify for an additional \$500 deposit if they are foster youth and an additional \$500 deposit if they are homeless, leading to a maximum deposit of \$1,500. SIB is to

add these deposits to the existing CalKIDS accounts of any first graders who had an account created as a newborn, while creating new accounts for any first graders who do not already have one. The state is providing \$170 million ongoing General Fund to support deposits for low-income first graders beginning in 2022-23.

Additionally, the 2021-22 Budget Act provided \$1.8 billion one time for deposits to low-income students enrolled in grades 1 through 12 in that year. Thus, eligible high school seniors who graduated in Spring 2022 were eligible for college funding last Fall.

**Participation rates are low so far.** SIB recently provided the Subcommittee with outcomes of the first several months of program. About 3% of participants automatically enrolled in the program have registered, meaning they have signed on to the CalKIDS website and connected with their account. Of the participants who registered, nearly half of newborn-families linked to another Scholarshare account, while about 5% of school-age families linked to another account.

**Total CalKIDS Account Registrations (as of March 31, 2023)**

Population	Total Enrolled	Total Registered	% Registered
<b>Newborns</b>	264,139	8,345	3.16%
<b>Students</b>	3,395,376	102,637	3.02%
<b>Total</b>	3,659,515	110,982	3.03%

**Total ScholarShare 529 Account Linked (as of March 31, 2023)**

Population	Total CalKIDS Accounts Registered	ScholarShare 529 Accounts Linked	% Linked
<b>Newborns</b>	8,345	3,952	47.36%
<b>Students</b>	102,637	5,375	5.24%
<b>Total</b>	110,982	9,327	8.40%

Funding provided in 2021-22 to provide college funds to all 1-12<sup>th</sup>-graders in California has had similar participation. About 4% of 12<sup>th</sup> graders who graduated in 2022 requested funding. Payouts for higher education purposes total \$5.6 million so far.

**Distributions (as of March 31, 2023)**

Total 12th Grade Students from 2021-2022	Total Students Who Requested Distributions	% of 12 <sup>th</sup> Graders Who Requested Distributions	Total Amount of Distributions
286,609	10,980	3.83%	\$5,595,804.55

***First-Grader Deposits Are Costing Less Than Originally Budgeted.*** As of the Governor's budget, the administration projects there are about 255,000 low-income first graders annually. The administration estimates it would cost approximately \$140 million annually to provide \$500 deposits to each of these students, including larger deposits for students who are foster youth or homeless. This revised cost estimate is approximately \$30 million lower than the enacted funding level. The downward adjustment is due to a decrease in the projected number of low-income first graders, likely reflecting recent declines in school enrollment.

***State Funded Several CalKIDS Marketing and Outreach Efforts in 2022-23.*** The 2022-23 Budget Act provided the following General Fund augmentations to SIB for CalKIDS marketing and outreach:

- \$5 million ongoing for financial literacy outreach to CalKIDS participants and their families.
- \$5 million one time for contracts with local college savings account programs to conduct outreach and coordinate with the CalKIDS program.
- \$3.1 million one time and \$900,000 ongoing to send notification letters informing participants' families of their accounts.
- \$1 million one time for a marketing campaign to increase awareness of the CalKIDS program.

In addition to these state funds, SIB receives marketing support from the Scholarshare 529 program manager (who, through a contract with SIB, also provides investment services, customer service, and other administrative support). SIB reports the program manager has committed to spending \$1 million annually on CalKIDS marketing as part of their current contract, which extends through November 2026.

## **GOVERNOR'S 2023-24 BUDGET PROPOSALS**

Given the revised cost estimate of providing deposits to first graders, the Governor's Budget proposes to redirect \$30 million ongoing General Fund from that program component toward the newborn component beginning in 2023-24. This would bring the total funding level for the newborn component to \$45 million. At this funding level, the administration projects the state could provide a \$100 seed deposit to all of the approximately 450,000 newborns annually. Accordingly, the Governor proposes trailer bill language increasing the seed deposit for all newborns from \$25 to \$100.

The Governor's Budget also provides \$1 million one-time General Fund to SIB for marketing and outreach expenses for the CalKIDS program. The proposal would extend the marketing activities funded in 2022-23, with the goal of increasing families' awareness of the CalKIDS program as well as encouraging them to register their accounts and potentially open a Scholarshare 529 account to save their own funds.

**LAO ASSESSMENT AND RECOMMENDATIONS****Assessment of Shifting Funds Within Program**

***Administration's Cost Estimates Are Reasonable.*** We concur with the administration that total CalKIDS funding under the Governor's Budget is likely sufficient to support the proposed seed deposits for newborns while maintaining the current deposits for first graders in 2023-24. In addition, under the most recent demographic projections, we do not anticipate costs in either program component will increase much, if any, in the out-years. Between 2023-24 and 2026-27, the Department of Finance projects the number of births will remain about flat, while the number of first graders will decline by about 10 percent. (The share of students who are low income has been relatively steady in recent years.)

***Proposal Would Expand Program Component Amid State Budget Deficits.*** Typically, when the state adjusts caseload estimates downward in a given program, it reflects the lower associated spending level in the budget. The Governor's proposal, however, takes a different approach. Instead of aligning CalKIDS spending with the lower revised cost estimate for the first-grader component, the Governor proposes to use the identified savings to expand the newborn component. This approach warrants careful consideration in light of the state's budget condition. As we discuss in *The 2023-24 Budget: Overview of the Governor's Budget*, the state faces a budget problem in 2023-24, in addition to projected out-year operating deficits under the Governor's budget.

***Impact of Increasing Seed Deposits for Newborns Is Not Known.*** Evaluations of college savings account pilot programs in other states have found that these programs have benefits in the short term, such as increasing parents' educational expectations for their children. However, because the children enrolled in these programs are still young, evidence of their eventual impact on college access is limited. Although some research suggests children with college savings are more likely to enroll in and graduate from college, we do not at this time have evidence that providing a \$100 seed deposit has a larger effect on these outcomes than providing a \$25 seed deposit. A \$100 seed deposit would provide more savings for college (particularly after accounting for potential investment earnings), but the amount would remain small relative to the cost of college attendance. Moreover, because the deposits are universal, some of the funds would go toward high-income children who already have a relatively high likelihood of enrolling in and graduating from college. Low-income children, meanwhile, are already under current law eligible for a significantly larger deposit (generally \$500) upon entering first grade. Upon entering college, many students are also eligible for assistance with tuition and living costs through other financial aid programs, including the state's Cal Grant and Middle Class Scholarship programs as well as the federal Pell Grant program.

***Program Likely Has Unspent Funds From Previous Years.*** Beyond the \$30 million the Governor is proposing to redirect from the first-grader component beginning in 2023-24, there are likely additional potential savings in the CalKIDS program. First, based on recent school enrollment projections, the amount budgeted for first-grader deposits in 2022-23 is likely also too high. Second, some of the funding the state provided in previous years for the newborn component likely remains unspent. This is because the state provided funding (a combined \$39 million) for the newborn component in 2019-20 and 2021-22, whereas SIB did not launch this component until 2022-23. As of this writing, we are working with the administration to gather more information on these potential savings.

### **Recommendation**

***Recommend Rejecting Proposal.*** Given the state budget condition and the unknown impact of increasing seed deposits for all newborns, we recommend the Legislature reject the Governor's proposal. We recommend the Legislature instead align CalKIDS ongoing spending in 2023-24 with the administration's revised cost estimates—essentially treating this as a typical caseload adjustment. This would generate \$30 million in additional budget solution for 2023-24 and help address projected out-year operating deficits. Furthermore, we recommend the Legislature sweep any unspent CalKIDS funds from 2019-20 through 2022-23 that are not needed to cover program costs those years as additional one-time budget solution.

### **Assessment of Outreach Funding**

***Awareness Is Needed for CalKIDS Program to Meet Its Objectives.*** In order for the CalKIDS program to expand college access, participants and their families need to know about the funds the state has deposited into their account and how they can be used. Accordingly, it is reasonable for the state to provide some continued support for program marketing and outreach. To this end, the state provided ongoing augmentations last year for SIB to send notification letters to participants' families as well as provide financial literacy outreach.

***Marketing and Outreach Funds Provided in 2022-23 Are Largely Unspent.*** SIB began sending notification letters to participants' families in November 2022. As of January 2023, however, it has not yet begun to spend the other marketing and outreach funds provided in 2022-23. SIB is currently developing requests for proposals for the funds for financial literacy outreach, outreach and coordination with local college savings account programs, and the marketing campaign. Given that SIB is still determining how to spend the funds provided last year, it is too soon to assess whether further augmentations are needed this year.

***Key Details of New Marketing Proposal Are Still Being Determined.*** SIB indicates the proposed funds for 2023-24 could potentially be used for various marketing activities, including, but not limited to, videos, radio announcements, and online advertising. At this time, the specific activities have not yet been determined. SIB

intends to make these determinations after it has spent the marketing funds provided in 2022-23 and analyzed the results.

### **Recommendation**

***Recommend Rejecting Proposal.*** We recommend the Legislature reject the Governor's proposal to provide \$1 million one-time General Fund for CalKIDS marketing in 2023-24, given that it does not yet know whether additional funding is needed for this purpose or what activities those funds would support. Rejecting this proposal would provide additional budget solution in 2023-24.

<b>STAFF COMMENT/POTENTIAL QUESTIONS</b>
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The Assembly has long been a champion of college savings programs and has discussed this issue for several years. Research has shown that when kids have a college savings account in their own name – even with less than \$500 in it – they're three times as likely to attend college, and four times more likely to finish college.

Programs such as CalKIDS are now becoming more common, with 123 active College Savings Account programs across the country reaching more than 1.2 million children in 39 states, including municipal programs in Sacramento, San Francisco, Oakland, Los Angeles and New York City, and statewide programs in Pennsylvania, Indiana and Maine.

California's program is by far the largest in the country, and as preliminary data indicates, the challenge is in outreach and marketing, to ensure that California families understand that there is free money for college available to them. With only about 3% of families registering for their accounts, and only 4% of 12<sup>th</sup> graders last year accessing their money, there is a clear need to increase awareness of the program. Staff notes that both Governor's Budget proposals – to increase the award amount for newborns, and increase spending on marketing and outreach – could help bolster participation.

Scholarshare is currently finalizing the process in which it will distribute \$5 million to local college savings programs to help with local outreach, and has indicated the funding should be distributed by the end of this fiscal year. This is critical, as local programs may be more effective at communicating with families than state government. The Subcommittee may wish to discuss with Scholarshare the various ideas it has for increasing and improving outreach.

The Subcommittee could consider the following questions:

- Does Scholarshare have participation goals for this program? What are participation rates of other local or state programs?
- Is there any research as to what types of outreach are most effective in increasing awareness of and participation in these types of programs?
- How is Scholarshare working with the Department of Education and local education agencies to improve outreach? Is it possible to allow data sharing between Scholarshare, CDE, and LEAs to increase outreach to non-participating students and their families?

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**Staff Recommendation: Hold open until after the May Revision.**

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## 6120 CALIFORNIA STATE LIBRARY

The Governor's Budget proposes about \$581.9 million in support for the California State Library in 2023-24, with about \$560.1 million from the state General Fund. The chart below was compiled by the LAO and indicates funding based on the Governor's Budget. Note that a significant portion of library spending proposed for 2023-24 is one-time funds.

### California State Library Budget

(Dollars in Millions)

	2021-22 Actual	2022-23 Revised	2023-24 Proposed	Change from 2022-23	
				Amount	Percent
<b>Local Assistance</b>					
Library Services and Technology Act	\$19.6	\$11.3	\$11.3	—	—
Library Literacy and English Acquisition Program	8.4	7.3	7.3	—	—
Lunch at the Library	0.8	5.5	5.5	—	—
California Library Services Act	4.6	4.6	4.6	—	—
Statewide Library Broadband Services Program	10.0	4.0	4.0	0.1	1.3%
Telephonic Reading for the Blind	0.6	0.6	0.6	—	—
California Newspaper Project	0.4	0.4	0.4	—	—
State Government Oral Histories Program	0.1	0.1	0.1	—	—
One-time Carryover <sup>a</sup>	1.3	—	506.0	506.0	—
Other one-time initiatives	81.4	253.1	2.4	-250.7	-99.1
<b>Subtotals</b>	<b>(\$127.3)</b>	<b>(\$286.8)</b>	<b>(\$542.2)</b>	<b>(\$255.4)</b>	<b>(89.0%)</b>
<b>State Operations</b>					
State Library Services	\$26.2	\$42.1	\$30.7	-\$11.5	-27.2%
Library Development Services	4.3	6.2	5.5	-0.8	-12.2
Information Technology Services	3.3	3.8	3.6	-0.2	-4.2
<b>Subtotals</b>	<b>(\$33.8)</b>	<b>(\$52.1)</b>	<b>(\$39.7)</b>	<b>(-\$12.4)</b>	<b>(-23.8%)</b>
<b>Totals</b>	<b>\$161.1</b>	<b>\$338.9</b>	<b>\$581.9</b>	<b>\$243.0</b>	<b>71.7%</b>
<b>Funding</b>					
General Fund Ongoing	\$38.3	\$51.1	\$51.7	\$0.4	0.8%
General Fund One Time	93.8	265.9	508.4	242.8	91.3
Federal Trust Fund	26.1	18.2	18.2	— <sup>b</sup>	— <sup>b</sup>
Other <sup>c</sup>	2.9	3.8	3.6	-0.2	-5.3
<sup>a</sup> The 2021-22 amount reflects carryover from an original 2019-20 appropriation for upgrading broadband equipment. The 2023-24 amount reflects carryover from various appropriations originally made in 2021-22 (specifically for the California Civil Liberties Public Education Act, outreach grants to ethnic media programs, the TUMO Center for Creative Technologies, English as a Second Language services, upgrading broadband equipment, and local library infrastructure grants).					
<sup>b</sup> Less than \$500,000 or 0.5 percent.					
<sup>c</sup> Includes California State Law Library Special Account, Central Service Cost Recovery Fund, and the Deaf and Disabled Telecommunications Program Administrative Committee Fund.					

**ISSUE 2: STATE LIBRARY PROPOSALS**

The Subcommittee will discuss Governor's Budget proposals to delay local library infrastructure funding, augment funding and positions for the California History Room and Witkin Law Library, and create an auditor position.

**PANEL**

- Jennifer Louie, Department of Finance
- Ian Klein, Legislative Analyst's Office
- Greg Lucas, California State Librarian

**BACKGROUND**

***State Library Oversees Both State Activities and Local Assistance Programs.*** The State Library's main state-level functions are (1) serving as the central library for state government; (2) collecting, preserving, and publicizing state literature and historical items; and (3) providing specialized research services to state agencies. In addition to these state-level activities, the State Library passes through state and federal funds to local libraries for specified purposes. These local assistance programs fund literacy initiatives, internet services, and resource sharing, among other things. The State Library provides oversight and technical support for these local assistance programs.

***Public Libraries Are Run and Funded Primarily by Local Governments.*** In California, local public libraries can be operated by counties, cities, special districts, or joint powers authorities. Usually the local government operator designates a central library to coordinate activities among all the library branches within a jurisdiction. Currently, 186 library jurisdictions with 1,127 sites (including central libraries and their branches) are operating in California. Local libraries provide various services that are influenced by the characteristics of their communities. A core part of the mission of all libraries, however, is to provide patrons with access to books, media, and other informational material. Around 95 percent of local library funding comes from local governments and the remaining 5 percent comes from state and federal sources.

***State Library Relies Primarily on State and Federal Funds.*** Approximately 70 percent of the State Library's ongoing budget is supported by the General Fund. Nearly 25 percent comes from federal funds, with the remainder coming from special funds and reimbursements. For 2023-24, the Governor's budget includes \$39 million in ongoing state operations funding for the State Library and \$34 million in ongoing local assistance funding. The Governor's budget also includes \$508 million in one-time General Fund, nearly all of which reflects carryover funds associated with one-time local assistance initiatives funded in recent years.

**2021 and 2022 Budget Acts provided significant funding for local library infrastructure improvements.** The 2021 Budget Act provided \$439 million one-time General Fund to support capital projects for public library buildings that address critical maintenance needs, improve energy efficiency and sustainability, extend digital access, and expand physical access to library facilities. The 2022 Budget Act provided an additional \$50 million in 2022-23 and assumed an additional \$100 million in 2023-24 to support local library infrastructure projects.

A recent report to the Legislature from the Library provided the following summary of the program:

*Eighty-six of California's 185 library jurisdictions (46 percent) submitted applications for 278 individual facilities in Round One. Individual grant requests ranged from \$14,300 to \$10 million, the maximum award. The average request was just under \$2 million. Project requests ranged from roof and HVAC replacements to new library facilities.*

*After a review that included a panel of expert advisors, over \$313 million was awarded to 246 individual library facilities. As part of the grant program requirements, local jurisdictions contributed nearly \$180 million in matching funds. The awards spanned the length of the state and will benefit 182 cities across 34 counties, ranging from Shasta County in the north to San Diego in the south.*

*Projects that received the greenlight include a new jurisdiction-wide security system for LA County Library's 86 branches, upgrades and repairs to 17 library branches in Kern County, a new, safe library building for Larkspur, upgraded energy efficiency systems for a library branch in Shasta County, seismic repairs and upgrades to a library branch in Sonoma County, as well as a new multimedia center in one of San Diego Public Library's branches. In addition to LA County Library's security system, 26 other jurisdictions around the state requested security related upgrades such as cameras and emergency lighting. Forty projects sought roof repair and replacement; 86 asked for upgrades and repairs to their HVAC systems, and 21 focused on fire suppression systems improvements. The awarded funds will also build seven new libraries to either replace outdated, unsafe buildings or create new service areas. The City of Porterville received \$7.3 million to help construct a new library. Its previous library was destroyed in a fire in 2020.*

*In accordance with the language contained in the Budget Act of 2021, SB 129 (Chapter 69, Statutes of 2021), projects in high-poverty areas of the state that addressed life-safety and critical maintenance and infrastructure needs were prioritized. Awardees have until March 31, 2026, to expend their funds and complete their projects.*

*For Round Two, there is roughly \$175 million remaining. Local libraries have said they plan to apply for at least \$600 million in project costs in Round Two.*

**California History Room Is Responsible for Collecting and Preserving Special Collections.** The special collections of the State Library's California History Room document the life and experiences of Californians throughout history. These special collections are differentiated from general collections by their rarity, value, and research potential. Many of the items in the California History Room's special collections are one-of-a-kind materials such as letters, drafts of speeches, literary manuscripts, meeting minutes, diaries, scrapbooks, and film recordings. In addition to special collections materials, the California History Room maintains separate print collections of books and periodicals that circulate to both state employees and the general public. These latter collections provide broader historical context for the items contained in the special collections.

**Witkin State Law Library Provides Research Services.** The Witkin State Law Library contains primary and secondary sources in American law, federal and state appellate court opinions, session laws, codes and statutes, federal agency decisions, and attorney general opinions. Its staff provide research support to state agencies and the general public. In 2021-22, about one-third of its clients were from state agencies and two-thirds were from the general public. Among state agencies, the Department of Justice makes considerably more law library requests than any other agency. In addition to handling research requests, law library staff are responsible for curating library materials, among other responsibilities. For the past four years, the law library has had a steady staffing level of seven permanent, full-time positions.

**Special Fund Revenue Is Intended to Cover Law Library's Operating Expenses.** The California State Law Library Special Fund is intended to cover the operating expenses of the Witkin State Law Library. The state created this special fund in 1992. The special fund receives a specified amount of certain filing fees charged for civil appellate cases. Statute sets both the total civil filing charges (the bulk of which is retained by the judicial branch) as well as the specific amount that is to be deposited into the Law Library Special Fund. Currently, \$65 of certain civil filing fees are deposited into the Law Library Special Fund. This fee amount has been flat since 1999. The Legislature has a practice of reauthorizing the amount of certain civil appellate filing fees deposited into the Law Library Special Fund periodically. The next reauthorization is expected to occur in 2025. The last time the Legislature increased the relevant civil appellate filing fees was in 2012. At that time, though the total civil filing fees were increased, no accompanying increase was made to the amount of the fee set aside for the Witkin State Law Library. Over the past three years, the Witkin State Law Library has spent on average \$375,000 annually from the special fund.

**Witkin State Law Library Has Long Depended on State General Fund Support.** With the law library's fee amount held flat for so long, the State Library reports that it has used some of its ongoing General Fund support to help cover the Witkin State Law Library's operating costs since at least 2007. In each of 2021-22 and 2022-23, the State Library used nearly \$600,000 of its ongoing General Fund support for the law library's operating costs. In 2022-23, the state also provided \$80,000 one-time General Fund

directly in the annual budget act for the law library. Provisional budget language indicated that this one-time funding was broadly “for support of the State Law Library.”

**State Law Requires Agencies to Have Internal Controls.** State law requires each state agency to maintain “effective systems of internal control as an integral part of its management system.” State law further declares that “all levels of management of state agencies must be involved in assessing and strengthening the systems of internal control to minimize fraud, errors, abuse, and waste of government funds.” The State Library depends on its executive management team to establish and maintain its internal controls. This team is comprised of the State Librarian, Deputy State Librarian, and the bureau chiefs of its five main divisions. The executive team delegates authority as it deems appropriate to supervisors and line staff to achieve audit responsibilities. The State Library reports that it currently has eight staff with audit-related responsibilities, with these staff spending 30 percent of their time on this work.

**State Library’s Budget Has Grown in Recent Years.** State law sets forth that state agencies with ongoing budgets of \$50 million or more should consider establishing an ongoing audit program. The State Library budget exceeded the \$50 million ongoing General Fund threshold for the first time in 2022-23 (reaching \$51 million). Over the past five years, the State Library’s ongoing General Fund support has increased \$20 million (66 percent). In addition to increases in ongoing General Fund support, the state provided the State Library with considerable one-time funding in 2021-22 and 2022-23.

## GOVERNOR’S 2023-24 BUDGET PROPOSALS

The Governor’s Budget includes several State Library proposals, including delaying the \$100 million one-time General Fund previously proposed for 2023-24 library infrastructure projects. Instead, the Governor’s Budget proposes to provide \$33 million in 2024-25 and 2025-26, and \$34 million in 2026-27. This is part of the administration’s efforts to resolve the budget deficit.

The Governor’s Budget also includes the following State Library proposals:

- The Governor proposes providing a \$597,000 General Fund augmentation (\$357,000 ongoing, \$240,000 one time) for the California History Room. The increase in ongoing support would fund three additional permanent, full-time positions. One new position would be for a Senior Librarian, who would perform outreach and relationship-building with currently underserved and underrepresented groups. The remaining two positions would be for Librarians, who would be responsible for handling requests for research assistance, providing orientations to special collections, and delivering custom presentations on specific historical topics. The one-time funding would go toward the purchase of materials related to the experiences of Californians currently underrepresented in the special collections portfolio.

- The Governor proposes a total augmentation of \$462,000 ongoing General Fund support for four additional permanent, full-time positions at the Witkin Law Library. The four positions consist of a Senior Librarian, who would serve as the main point of contact for state agencies and assist with coordinating digitization projects; two Librarians, who would serve in traditional legal research capacities; and a Library Technical Assistant II, who would perform paraprofessional tasks such as book acquisition, catalog classification, physical upkeep of library material, and book inventory. One of the Librarian positions, as well as the Library Technical Assistant II position, currently are supported by the Law Library Special Fund (costing a combined \$221,000). The administration's proposed augmentations are intended to address higher workload and continued increases in the law library's operating costs.
- The Governor's Budget includes a \$168,000 ongoing General Fund augmentation for one permanent, full-time Senior Management Auditor at the State Library. The State Library reports that the Senior Management Auditor would be tasked with strengthening processes and internal controls, analyzing audit reports, verifying proper reporting, and providing consultation in the administration of local assistance grant programs, among various other related responsibilities. The State Library indicates that the primary rationale for the new auditor position is the significant growth in the State Library's local assistance programs and funding over the past few years.

Figure 1

### Governor's Budget Contains Three New Proposals for the State Library

General Fund Changes in 2023-24 (In Thousands)

Change	Ongoing	One Time	Totals
<b>New Proposals</b>			
California History Room Special Collections (three positions)	\$357	\$240	\$597
Witkin State Law Library (four positions) <sup>a</sup>	462	—	462
State Library Audit Program (one position)	168	—	168
<b>Totals</b>	<b>\$987</b>	<b>\$240</b>	<b>\$1,227</b>
<b>Other Changes</b>			
Disaster preparedness for cultural resources <sup>b</sup>	—	\$2,387	\$2,387

<sup>a</sup> Includes absorbing all costs associated with two positions currently funded by the Law Library Special Fund.

<sup>b</sup> Represents third year of four-year funding plan initiated as part of the 2021-22 budget agreement.

**LAO ASSESSMENT AND RECOMMENDATIONS****History Room Assessment*****California History Room's Special Collections Have Some Shortcomings.***

Preserving historical assets is a core function of the State Library. Approximately 75 percent of the current California History Room materials, however, represent the experiences of Anglo settlers. The State Library indicates it has relatively few items in the California History Room's special collections focused on underrepresented and marginalized communities. Moreover, the State Library indicates that the relatively few items in the special collections that document the history of marginalized groups are not organized in a way that makes them easy to find.

***Workload for California History Room Librarians Has Been Fluctuating Notably.***

The State Library uses an online management system called "Ask-A-Librarian" for patrons to submit library requests. This system allows California History Room staff to identify when a request comes in, as well as track the number of hours a librarian spends on a request. (When staff are responding to these requests, they tend to pause other tasks such as processing and cataloging new collections.) As Figure 2 shows, associated workload for the California History Room has been fluctuating. Though Ask-A-Librarian workload increased notably from 2020-21 to 2021-22, it tapered off considerably during the first half of 2022-23. If this trend continues through the second half of 2022-23, associated workload will fall not only short of the original projections used to justify the request for additional personnel but also will fall to its lowest level in five years.

***Other Funding Sources Exist for Special Collections Acquisitions.*** Over the last three fiscal years, the State Library has spent a total of \$247,000 in federal funding to support ongoing subscriptions to various high-use periodicals and recurring print titles at the California History Room. Additionally, the State Library works with the California State Library Foundation, an independent philanthropic partner, to acquire rare and unique historical material for the California History Room's collections. These materials (including items like photographs and manuscripts) are not available through mainstream vendors or publishers. Over the past three calendar years, the California State Library Foundation has spent a total of \$19,000 for this purpose.

**History Room Recommendation**

***Reject Proposal and Revisit When State Budget Condition Improves.*** Given the state's projected budget deficits over the next few years, we recommend the Legislature reject the proposed ongoing and one-time augmentations the Governor proposes for the California History Room at this time. When the state budget condition is better, the Legislature could consider improvements to the California History Room's special collections, including by potentially funding a Senior Librarian to work on expanding certain outreach aimed at including more collections material from underrepresented groups. The Legislature also can continue monitoring Librarian workload. Though existing workload data do not show clear justification for additional Librarian positions,

the Legislature could revisit the issue in future years. Finally, when the state budget condition improves, the Legislature could consider providing one-time funds for purchasing more material for the special collections. In the meantime, the California History Room could continue relying on federal funds and philanthropic funds for such purchases.

### **Witkin Law Library Assessment**

***Workload Has Increased for Law Library, but Remains in Line With Job Expectations.*** The number of hours law library staff spend on research has been increasing—rising from 578 hours in 2017-18 to 2,393 hours in 2021-22. The increase is linked to more research requests, with research hours spent per request holding relatively stable over this period, averaging 1.25 hours per request. Though projected hours spent on research for 2022-23 (assuming the second half of the year looks similar to the first half) could fall slightly from the 2021-22 level, hours spent on research still are likely to remain elevated compared to earlier years of the period. The State Library attributes at least some of the increase in law library research activity to the state’s expansion of telework, as remote work can separate state employees from traditional print resources previously maintained within their own agencies. Though hours spent on research have increased, the average share of time each Librarian spends on research remains below 40 percent—the target the State Library specifies in its Librarian job duty statement.

***No Clear Justification for Replacing Special Fund Support With General Fund Support.*** After hovering at about \$300,000 for the past few years, the administration projects that revenue in the State Law Library Special Fund will increase to \$391,000 (30 percent) in 2023-24. Moreover, the amount of civil appellate filing fees deposited into this fund are up for reauthorization in 2025. Were the allocation for the law library to be increased, sufficient additional revenue could be generated to address the library’s rising operating costs. Finally, the state’s projected General Fund operating deficits further call into question the timing of such a proposal. In other areas of the budget, the administration effectively has counter proposals intended to provide General Fund relief. In those cases, rather than having ongoing General Fund replace existing special fund support, special fund revenue is used instead of General Fund.

### **Witkin Law Library Recommendation**

***Reject Proposal.*** Given the law library’s workload levels remain in line with job expectations and the administration has not provided clear justification for using ongoing General Fund support in place of existing special fund support, we recommend the Legislature reject the proposed General Fund augmentations. As the state is likely to reauthorize the amount of civil appellate filing fees deposited into the State Law Library Fund in 2025, the Legislature could consider increasing the amount at that time. The law library has not had an increase in its set-aside rate in more than two decades, despite continuing to experience increases in its staffing costs. This budgetary approach

is consistent with statutory intent to fund the law library using special fund revenue. Such an approach also helps improve the state's budget condition by mitigating the law library's reliance on General Fund support.

### **Audit Assessment**

***State Library Has Not Made a Particularly Strong Case for New Position.*** Though a new auditor position might improve the State Library's oversight of local assistance programs, it is not clear that an auditor position is needed at this time. The State Library is only \$1 million over the \$50 million threshold at which an agency is "to consider" establishing an ongoing audit program. Of this amount, less than \$25 million is associated with ongoing General Fund-supported local assistance programs. Moreover, were the State Library's existing eight staff with audit-related responsibilities to lack capacity to fulfill related ongoing audit work, the State Library might consider redesignating one of its other existing staff. The State Library has seen a significant increase in its staff over the past five years. Most recently, the 2021-22 Budget Act funded 20 additional positions and the 2022-23 Budget Act funded a further 17.5 new positions. These positions generally were intended to help the State Library implement various new and expanded state and local assistance programs. Furthermore, it is unclear the extent to which a new ongoing auditor position could be helpful with overseeing recent one-time initiatives. The largest of these initiatives (the \$439 million for local library infrastructure grants) requires grant funds to be used by June 30, 2024, such that a new auditor might be in place only a few months before the funds expire. Though some auditing work might exist even after these local assistance funds expire, such work does not justify a new ongoing position.

### **Audit Recommendation**

***Legislature Could Consider Two Options.*** Given the factors just mentioned, one option is for the Legislature to reject this proposal. Under this option, the State Library would continue relying on its existing staff to ensure internal controls are met. To date, the State Library has not identified instances of fraud or mismanagement of public resources. Moreover, many of its one-time initiatives will expire shortly, calling into question the need for an ongoing position. A second option for the Legislature to consider is converting the requested position from permanent to limited term. Though the State Library potentially has opportunities within its recently expanded staffing level to perform more auditing and oversight, the Legislature could consider a limited-term position that would be particularly focused on ensuring that the local library infrastructure grants are used in accordance with state intent.

**STAFF COMMENT/POTENTIAL  
QUESTIONS**

Libraries are a critical hub for many communities in California. General Fund support for both the State Library and local libraries has grown significantly in the past several years, including a 33% increase in ongoing funding.

The infrastructure program appears to be functioning well. Library “projects will increase patron access to necessary community resources and services, educational opportunities, computers, workforce training, digital literacy, and the like for years to come,” according to the California Library Association in its letter to the Subcommittee. The association asks that if the state budget situation improves, the Legislature consider providing the first of three infrastructure payments proposed by the Governor in 2023-24, not 2024-25. The Subcommittee will have to consider the Governor’s proposed delay as part of the overall budget architecture.

Regarding the Governor’s Budget proposals, the Subcommittee could ask the following questions:

- How much demand is there for infrastructure funding? Do libraries have other sources of funding to support capital outlay projects? How would a delay in funding impact the program?
- Regarding the History Room proposal, what efforts will the Library make to increase materials related to underrepresented or marginalized communities?
- Regarding the Witkin Law Library proposal, can special funds be used instead of General Fund to support the proposed augmentations?

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**Staff Recommendation: Hold open until after the May Revision.**

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**6600 UC COLLEGE OF THE LAW, SAN FRANCISCO**

The Governor's Budget proposes a \$102.6 million budget for the UC College of the Law, San Francisco in 2023-24. Proposed General Fund support would be \$29.5 million. Student tuition would provide about \$72.9 million. Note that 2022-23 General Fund support includes \$90 million one-time, which supported a capital outlay project described later in this item.

	Positions			Expenditures		
	2021-22	2022-23	2023-24	2021-22*	2022-23*	2023-24*
5530 Support	255.6	272.7	277.7	\$116,709	\$186,811	\$102,595
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>255.6</b>	<b>272.7</b>	<b>277.7</b>	<b>\$116,709</b>	<b>\$186,811</b>	<b>\$102,595</b>
<b>FUNDING</b>				<b>2021-22*</b>	<b>2022-23*</b>	<b>2023-24*</b>
0001 General Fund				\$29,802	\$113,759	\$29,543
0814 California State Lottery Education Fund				199	172	172
0993 University Funds--Unclassified				86,708	72,880	72,880
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$116,709</b>	<b>\$186,811</b>	<b>\$102,595</b>

**ISSUE 3: COLLEGE OF THE LAW PROPOSALS**

The Subcommittee will discuss the Governor's Budget proposals to provide a 3% base augmentation, or \$2.2 million ongoing General Fund, to College of the Law, San Francisco, and \$3 million one-time General Fund to continue supporting a campus safety program.

**PANEL**

- Gabriela Chavez, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- David Faigman and David Seward, College of the Law, San Francisco

**BACKGROUND**

**UC Law San Francisco Is a Public Law School.** UC Law SF is affiliated with UC but has its own governing board (known as the Board of Directors). Of the school's more than 1,000 students, approximately 95 percent are enrolled in the Juris Doctor (JD) program (the most common degree students pursue to enter the legal field). The school also offers three master's programs, one of which is a joint Health Policy and Law program with UC San Francisco (UCSF).

**College has changed names.** UC Law SF, was founded in 1878 as Hastings College of the Law. Assembly Bill 1936 (Ramos) was signed in 2022, striking the name “Hastings” from the school and renaming the institution College of the Law, San Francisco, the name unanimously recommended by the College’s Board of Directors. The name change is part of a larger restorative justice effort that began in 2017, in recognition of harms done by the school’s founder against the Yuki Indians in the Round Valley and Eden Valley Region.

The 2022 Budget Act provided the college with \$885,000 one-time General Fund to support costs related to the name change. The funding has been spent, or is contracted to be spent, on external contracts primarily related to information technology and brand redesign. The college reports that it is currently seeking bids for work to create new signage inside and outside of its buildings, but it estimates \$2 million is needed to support this work.

**Tuition Revenue Is Law School’s Largest Fund Source.** UC Law SF received a total of \$123 million in ongoing funding in 2022-23 (excluding state funding provided for lease revenue debt payments). This funding came from “core” and “noncore” sources. Of the school’s core funding, just over 70 percent comes from student tuition revenue and one-quarter comes from state General Fund. Remaining core funding comes from investment income, scholarly publication income, fee revenue, and the State Lottery Fund. Beyond core funding, UC Law SF receives noncore funding from certain self-supporting auxiliary programs (including its housing and parking programs). In addition, the school receives noncore funding from private donations as well as external grants and contracts.

**Employee Compensation Is School’s Largest Expense.** Core funds support UC Law SF’s core operations, including faculty and staff compensation. The school also uses core funds to provide merit-based student financial aid. UC Law SF currently spends around 30 percent of the tuition revenue it generates from each JD cohort on financial aid.

**State Often Provides the School With General Fund Base Increases.** Each year, the law school faces pressure to cover cost increases associated with employee compensation, OE&E, student financial aid, and enrollment growth, among other factors. Over the past decade, the primary way the school has covered its core operating cost increases is through state General Fund base augmentations. (The school also receives state General Fund adjustments for its lease revenue bond debt service and, in certain years, specific program initiatives.) The size of UC Law SF’s base adjustments has varied since 2015-16. Average annual growth in the school’s General Fund support during this period (excluding 2020-21) was 11 percent.

Figure 2

**State Has Provided Law School With Base Augmentations in Most Years**

(Dollars in Millions)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Base General Fund adjustment	\$1.0	\$1.0	\$1.1	\$1.1	\$1.4	-\$0.5	\$2.1	\$2.0
Percent change in General Fund	11.0%	10.0%	9.0%	9.0%	10.0%	-4.0%	14.0%	12.0%
Percent change in ongoing core funds	1.9	1.9	1.9	1.9	2.5	-0.9	3.5	3.0

**UC Law SF Recently Increased Tuition Charges.** From 2012-13 through 2021-22, UC Law SF held enrollment fees flat at \$43,486 for resident students. For the 2022-23 academic year, the UC Law SF Board of Directors increased tuition charges for resident students by 3 percent to \$44,791. The board also increased supplemental tuition charges for nonresident students. After holding the supplemental tuition charge flat at \$6,000 from 2012-13 through 2021-22, the board increased the supplemental charge by 7 percent to \$6,420 in 2022-23.

**Student Enrollment Has Grown the Past Two Years.** After hovering at approximately 950 full-time equivalent (FTE) students from 2016-17 through 2020-21, the school grew its enrollment notably in 2021-22. That year, it enrolled 155 additional FTE students, with its total enrollment reaching 1,099 students. The bulk of the growth (144 FTE students) was in the school's JD program, with the remaining growth in its master's programs. In 2022-23, the school is continuing to experience higher-than-typical growth, with total enrollment estimated to reach 1,175 FTE students. The bulk of the growth (57 FTE students) continues to be in the school's JD program, with master's programs growing by 19 FTE students. Though still relatively small programs, the school's master's programs doubled in size from 2020-21 through 2022-23. This is partly attributable to the addition of the new Master of Science in Health Policy and Law program launched in 2022-23.

**College is building significant housing.** UC Law is currently in the process of delivering two campus housing projects as integral elements to the College's vision of a multi-institutional Academic Village at the nexus of the Civic Center / Mid-Market / Tenderloin communities. Listed below are summaries of the projects currently underway.

- **The Academe at 198:** This 656-unit structure includes three levels of academic- and community-serving space with two courtrooms, meeting spaces, a café, and street-level retail space. The project broke ground in September 2020; the work is on schedule and slated for completion in July 2023 and occupancy for the fall 2023 semester. This 14-story mixed-use structure will address a longstanding, pressing need for affordable campus housing. Apartments will be rented at below-market rates to UC Law and other partner institution students including more than 230 graduate students and trainees from UC San Francisco. UC

Berkeley has agreed to also include this housing opportunity on its student housing platforms as will UC Davis for its students pursuing Masters in Data Analytics degrees on the UC Law campus. The project was financed through tax-exempt bonds issued by the Campus Housing Finance Authority. Debt service is supported through project revenues.

- **McAllister Tower Seismic Upgrade:** The Budget Act of 2022 appropriated \$90 million as a grant to support the seismic strengthening of this 252-unit structure built in 1929. The project includes seismic structural upgrades conforming to UC Law's Seismic Safety Policy, partial replacement of MEP systems including fire/life safety, window replacement and interior remodeling to achieve compliance with ADA/Title 24. The project also renovates space on the building's lower levels that would be used for academic purposes. Renovation of McAllister Tower will maintain 252 campus housing units at below-market rents that would otherwise no longer be available and add an estimated five new campus housing units for a total of 257 units at below-market rents.

***School Is Responsible for Campus Safety.*** UC Law SF is located in downtown San Francisco between the Civic Center and the Tenderloin District. Over the years, the school has faced public safety issues. It has contracted with the UCSF police department for campus patrols and responses to security issues. The school also has used UCSF Public Safety Ambassadors, who lack police powers, to staff its buildings and security posts and report issues as appropriate to police personnel. The school has paid for these contract costs using its ongoing core funds. In August 2020, the Urban Alchemy program was piloted by UC Law SF to further promote campus safety. This program relies less heavily on traditional methods of policing in favor of sidewalk safety services (including interrupting public drug usage, noise disturbances, and public urination and defecation).

## **GOVERNOR'S 2023-24 BUDGET PROPOSALS**

The Governor's Budget includes an ongoing General Fund base augmentation of \$2.2 million (12 percent) to "support College of the Law costs" in 2023-24. The Governor's Budget also includes \$3 million one-time General Fund for the campus' Urban Alchemy program, with the funds available for expenditure over the next three years (through 2025-26).

### **School's Spending Plan**

***UC Law SF Is Planning to Increase Student Tuition Charges in 2023-24.*** Resident tuition is scheduled to increase by \$2,240 (5 percent), reaching \$47,031 in 2023-24. The nonresident supplemental tuition charge is also scheduled to increase for the second consecutive year. It is set to grow by \$514 (8 percent), reaching \$6,934 in 2023-24.

**UC Law SF Anticipates Enrolling More Students in 2023-24.** The school is planning for continued enrollment growth in both its JD and master's programs. Compared to the past two years, however, the school is planning for lower levels of growth. UC Law SF anticipates growing JD enrollment slightly—by 17 FTE students (1.5 percent) in 2023-24. It anticipates growing enrollment in its master's programs by 7 FTE students (13 percent). Most of this growth is expected to come from the Health Policy and Law program.

**UC Law SF's Core Funding Per Student Is Increasing.** In addition to the Governor's proposed \$2.2 million General Fund increase, the school expects to generate an additional \$3.6 million in tuition revenue as a result of planned tuition increases and enrollment growth. Altogether, the school expects its core funding to increase \$5.7 million (7.7 percent). As Figure 3 on the next page shows, on a per-student basis, the school's core funding increases by nearly \$3,500 (5.6 percent). UC Law SF Is Budgeting for Several Cost Increases. As Figure 4 on the next page shows, UC Law SF is planning for several cost increases in 2023-24. Its largest planned cost increase is for lease payments on a new multiuse facility (198 McAllister). UC Law SF also plans to fund a total of six new positions—one new ladder-rank professor, two existing vacant ladder-rank professors, one long-term contract professor, and two lecturers. The next largest planned expense is for student financial aid.

#### LAO RECOMMENDATION

**Recommend Treating Proposed Base Increase as an Upper Bound.** We recommend the Legislature treat the Governor's proposed \$2.2 million (12 percent) base General Fund increase for the school as an upper bound. Throughout the education budget—across K-12 education, the community colleges, and the public universities—the Governor has proposed relatively high base increases, with UC Law SF receiving the largest percentage increase. For all of these segments, we recommend the Legislature treat the base increases proposed in January as upper bounds. From within its budget plan for 2023-24, UC Law SF can accommodate several core cost increases, including new hiring and salary increases, as well as cost increases for OE&E and activities relating to innovation. Were state revenues to weaken over the coming months, the Legislature could consider downward adjustments at that time. If the base increase for the school were to be reduced, the school could adjust its spending in various ways, including, for example, by revisiting its allotments for OE&E and innovation.

**Recommend UC Law SF Fund Campus Safety Program From Core Budget.** The Urban Alchemy program seeks to achieve an important goal of promoting and maintaining campus safety. Given campus safety is a key part on the school's ongoing operations, it is unclear why the school is not funding all program costs from its core operating budget. Relying on one-time state support for key ongoing operations is poor budgetary practice. We recommend the school, as it has done in the past, use its

ongoing core funds for campus safety costs. To accommodate the cost of the Urban Alchemy program, UC Law SF indicates it might need to raise tuition. The school has raised its tuition charges in 2022-23 and 2023-24. If that additional revenue is insufficient to cover the school's operating costs, including campus safety, UC Law SF could consider additional tuition increases in the out-years. In the meantime, the school has \$1 million remaining from the 2021-22 Budget Act that can be spent during 2023-24 for the Urban Alchemy program.

***A Couple of Options Exist for Covering Remaining Name Change Costs.*** As of January 2023, the school has incurred \$1.8 million in costs associated with its name change. Specifically, it has spent a total of \$890,000 on external contracts with several firms to implement needed changes relating to its internet domain and other re-branding efforts. It also has incurred legal costs totaling \$867,000. (Some of these legal costs ultimately might be covered through the school's insurance policy.) Given these costs exceed the state's one-time appropriation of \$885,000, the school has had to cover excess costs to date using campus reserves. Beyond costs already incurred, the school has identified additional outstanding physical signage costs totaling \$1.4 million. The state could provide the school with additional General Fund for these costs, but campus reserves are available to cover such costs. We estimate the school's reserve currently equates to nearly five months of expenditures. Even for a small agency (which benefits from higher reserve levels), this is a relatively sizeable reserve.

<b>STAFF COMMENT/POTENTIAL QUESTIONS</b>
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Staff notes that UC Law is a stand-alone law school, and therefore faces budget challenges that other UC law schools, which are part of larger campuses, do not. The Legislature and Administration have recognized that in the past few years, providing healthy annual increases. Further increases beyond the Governor's Budget proposal may be difficult this year, given the state's budget condition, so the Subcommittee may wish to discuss with the campus a multi-year plan to support name-change costs, or whether there are alternative revenue sources that could be used.

The campus has launched an aggressive capital campaign, and the housing project that will be shared with UCSF could be an important model for other multi-campus housing projects.

The Subcommittee could consider the following questions:

- How will the campus use the proposed General Fund increase?
- How does tuition and enrollment at UC Law compare with other UC law schools?

- Are there other fund sources UC Law can use to support further costs associated with the name change? What is the campus' reaction to the LAO suggestion to use reserves? Can the campus use some of the operational funding increase for these purposes?
- What were the challenges, and what are the benefits, of the partnership with UCSF on housing?

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**Staff Recommendation: Hold open until after the May Revision.**

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**6440 UNIVERSITY OF CALIFORNIA**  
**6610 CALIFORNIA STATE UNIVERSITY**  
**6870 CALIFORNIA COMMUNITY COLLEGES**

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**ISSUE 4: STUDENT BASIC NEEDS**

The Subcommittee will review and discuss student basics needs programs at each segment.

**PANEL 1 – STUDENT  
REPRESENTATIVES**

- Zachariah Wooden, Student Senate for California Community Colleges
- Trent Murphy, Cal State Student Association
- Anahí Araiza, University of California Student Association

**PANEL 2 – SEGMENT  
REPRESENTATIVES**

- David O'Brien and Gina Browne, California Community Colleges Chancellor's Office
- Dilcie Perez, California State University Chancellor's Office
- Genie Kim, University of California Office of the President
- Aaron Kunst, Center for Healthy Communities, Chico State University

**BACKGROUND**

***State provides nearly \$175 million annually to support student basic needs.*** California college students are struggling with the years long rise in the cost of living. Many students struggle with food security and housing stability, both critical for academic success. These challenges are especially acute for underrepresented and underserved students – including students of color, low-income students, undocumented students, parenting students, LGBTQ+ students, and justice-involved students. In a study conducted by the California Student Aid Commission prior to the COVID-19 pandemic, 35 percent of participants reported low or very low food security and 35 percent experienced one or more conditions of housing insecurity.

Since March 2020, the COVID-19 pandemic has exacerbated basic needs insecurity by further destabilizing the lives of those with unmet basic needs and increasing the number of students experiencing multiple instabilities for the first time. The state has responded during the past several years to requests from students and the segments to fund new programs to address student basic needs, and now provides nearly \$175

million ongoing funding to the three segments for various basic needs programs. The chart on the following page provides a breakdown of state funding for each segment.

Ongoing State Funding (in millions)	UC	CSU	CCC	Total
Basic Needs Centers	15	25	40	<b>80</b>
Rapid Rehousing	3.5	6.5	19	<b>29</b>
Mental Health	20.3	15	30	<b>65.3</b>
<b>Total</b>	<b>38.8</b>	<b>46.5</b>	<b>89</b>	<b>174.3</b>

In addition, the 2021 Budget Act included language requiring community colleges to have basic needs centers, with a coordinator position at all colleges.

Students and the segments have been asked to provide an update on basic needs issues on campuses at this hearing. In addition, the Center for Healthy Communities, which is based at Chico State University, will discuss its work supporting campuses in all three higher education segments in expanding Cal Fresh access for students.

***Campuses report numerous ongoing basic needs activities.*** All three segments are required to report annually to the Legislature on various basic needs activities. UC and CSU provided reports in March, while the community colleges reporting date is this month:

- UC reports across all campus basic needs services (food and housing), a total of 72,213 unique students were served, and a total of 383,455 student contacts were made as a result of state-funded programs from July 1, 2021 to June 30, 2022. This is a 36.6 percent increase in unique students and a 69.1 percent increase in student contacts from the previous year. All campuses offer a food pantry, Cal Fresh outreach and application assistance, and grocery cards or meal vouchers. All campuses offer emergency housing, and emergency housing grants, while some offer hotel or housing vouchers and case management. All campuses offer mental health services, and have expanded services recently as state funding has increased. New and enhanced services seek to address existing inequities and include increased support, treatment, and advocacy for historically underserved student populations, such as LGBTQ, people of color, parenting students, survivors of violence, undocumented students, and other groups. Additionally, five UC campuses increased crisis services, six expanded Interpersonal Violence (IPV) services, nine provided faculty and staff training on behavioral health and wellness, and all ten provided some form of care navigation services.
- CSU reports that all campuses have on-campus food pantries and emergency housing programs, and 22 campuses have formal partnerships with private, public or non-profit mental health agencies. These partners often provide specialized services for specific populations such as transgender students,

veterans and foster youth, or for specific concerns, such as substance abuse, sexual violence, ADHD and acute mental health crises. The system has worked to identify on-campus programs or employment opportunities that could help more students qualify for Cal Fresh benefits, and 12 campuses are either accepting or working toward accepting CalFresh/Electronic Benefit Transfer in campus stores and restaurants. Fourteen campuses have established partnerships with local food banks or other agencies to provide food on campus, and 10 campuses have local housing partnerships.

- According to preliminary data from the Community College Chancellor's Office, during the 2021-2022 Fiscal Year, 55 colleges reported having basic needs service center fully operational, while the remaining 60 reported that basic needs centers were in development. Challenges as reported by the colleges included identifying and hiring qualified staff to oversee and administer services through the basic needs service centers and identifying adequate space on campus to co-locate all basic needs services. Services include food security, housing insecurity services, transportation services, health/mental health services, technology support, and childcare support.

***Multiple state, county and campus efforts to improve student participation in Cal Fresh program.*** CalFresh, federally known as the Supplemental Nutrition Assistance Program (SNAP), provides eligible individuals and families with monthly food benefits via an Electronic Benefit Transfer (EBT) card that clients can use to purchase food. Federal SNAP rules generally exclude college students from eligibility unless they are employed at least 20 hours per week or meet an exemption from the rule, such as being approved and anticipate participating in a work study program, attend school as part of an employment and training program or participate in a program to improve employability, or receive TANF funding, known as CalWORKS in California. The application process can be challenging for students, as it requires extensive documentation and extensive interaction with county human services offices.

A report required by the 2019 Budget Act found that as many as 689,000 California college students were likely eligible but not enrolled in CalFresh. Since then, many efforts have begun to improve student participation, including budget action in Spring 2021 that provided state and federal funding to both counties and campuses to improve CalFresh participation among college students, and AB 1326 (Arambula) in 2021, which requires County Welfare Departments to designate a staff liaison to serve as a point of contact for any institutions of public higher education located within the county. Many campuses and counties have strengthened connections to ensure more students successfully apply for Cal Fresh, including adopting agreements that allow for data-sharing or other joint activities.

<b>STAFF COMMENT/POTENTIAL QUESTIONS</b>
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Support for improving student basic needs has become a top higher education priority for the Assembly in recent years. The impact of food and housing insecurity, as well as mental health issues, has a clear impact. UC notes that UC students who report food insecurity and homelessness are less likely to graduate in four years as undergraduates or to report staying on track for timely degree completion as graduate students than their food-secure and non-homeless counterparts.

Staff notes that most basic needs programs are funded by specific line items in each segment's budget, and therefore do not typically receive an automatic increase in funding each year. The state's current budget situation may make it challenging to increase funding on student basic needs in this budget cycle, although some consideration could be given to whether increased state funding for operations proposed in the Governor's Budget could allow a cost-of-living adjustment for these services. The discussion today is intended to allow the Subcommittee an overview of current basic needs programs and discussion about changes and improvements needed in the next few years, particularly whether current funding levels are appropriate. The Subcommittee can also consider these specific issues:

***More work needed to truly understand impacts of these services.*** Neither UC or CSU include outcomes data tied to basic needs services, but both segments touch on the need to better understand what types of programs and services are most effective at keeping students healthy, safe, and progressing through their academic program. CSU notes that research on CSU students shows that the persistence rate (retention and graduation) for students who receive emergency housing assistance is 82.1%, and the persistence rate for students who are supported by an on-campus food pantry is 90.1%, and that students frequently report in satisfaction surveys that the basic needs and mental health support they have received has increased their sense of belonging on campus and has been integral to their academic success and retention. But more formalized analyses of these programs may be needed.

***Campuses and counties are working to improve student participation in Cal Fresh, but more collaboration is needed.*** Campus food pantries have become critical safe havens on campuses for hungry students, but a longer-term solution to reducing food insecurity is to dramatically increase student participation in the Cal Fresh program. Students often complain that the sign-up process is difficult, as County Welfare Departments make final eligibility determinations, and campuses do not often have the ability to follow up and understand which students received Cal Fresh and which were denied. Some campuses have data-sharing agreements with counties to help better understand how many students successfully navigate the Cal Fresh sign-up process. Staff is aware of a data-sharing agreement between Compton College and Los Angeles County, for example, that will allow Compton College to track student

applications and enrollment in CalFresh, and subsequently study academic outcomes related to CalFresh participation. Every campus in the state should have such an agreement.

***Basic needs services should be integrated or linked with other campus services.***

As basic needs programs mature, it is clear that these programs must work in tandem with other campus services to provide the most benefits to students. A March report by the John Burton Advocates for Youth made several recommendations for improving student basic needs services that centered around better collaboration on campus, including ensuring a specific link to financial aid offices and leveraging various campus data systems to ensure students are receiving all benefits that they are entitled.

The Subcommittee could consider the following questions:

- Do all campuses have a basic needs center? What are typical center hours? What services do centers typically provide? Where on campuses are centers typically located?
- What percentage of students utilize basic needs services? Do these centers have the appropriate amount of funding to provide services to each student who needs them? Are there waiting lists for any services?
- How are basic needs centers and services integrated with other campus services, such as financial aid and student support programs?
- How are the segments measuring student outcomes related to basic needs services?
- What types of mental health services are offered on campus? How many campuses have links to county mental health services or other providers to support students with significant mental health issues? What are the challenges campuses face in providing comprehensive mental health services?
- What percent of students who apply for CalFresh benefits actually receive benefits? How can the state, counties and campuses work together to improve Cal Fresh participation among eligible students?

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