

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 2
ON EDUCATION FINANCE

Assemblymember S. Joseph Simitian, Chair

WEDNESDAY, APRIL 10, 2002
STATE CAPITOL, ROOM 126
4:00 P.M.

REGULAR BUSINESS

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ITEMS TO BE HEARD

6120 CALIFORNIA STATE LIBRARY

ISSUE 1: IMPLEMENTATION OF THE LIBRARY BOND ACT OF 2000

The agenda item is a follow-up to the March 20th hearing of the Subcommittee in which concerns were raised over the implementation of the Library Bond Act of 2000.

BACKGROUND:

In January, the California Public Library Construction and Renovation Board approved regulations to begin the application process and disbursement of funds. Recently, some local governments have expressed concerns with the adopted regulations and funding process. At the March 20th Subcommittee hearing on this issue, members expressed some concern that the regulations and the funding process could negatively impact an equitable allocation of funds, due in part to the amount of effort (and in some cases resources) needed to apply for funding and the amount of funding available in each of the three established cycles of funding.

COMMENTS:

At the March 20th Subcommittee hearing, the Chair of the Subcommittee instructed staff to bring interested parties together and explore options for addressing the issues raised. Staff from the Subcommittee, Assemblymember Horton's office, the Assembly Speaker's Office and the State Library met to discuss the various options available to address the concerns. Based on these staff level discussions, the following options are presented for the consideration of the Subcommittee:

- **Option 1:** Requesting the California Public Library Construction and Renovation Board to consider changes to the funding process by opening up the rule-making process. In this case, the Board could consider instituting a fund rollover from the 1st funding cycle to the 2nd funding cycle rather than the 3rd funding cycle.

The Subcommittee could request that the State Librarian call a meeting of the California Public Library Construction and Renovation Board to consider changes to the regulations. If the Board agreed to make changes in the regulations, the State Library staff believes that a formal rule making process could be completed by October 2002. The awarding process would be delayed approximately two months.

In addition, the Subcommittee may wish to consider additional budget bill language, at a future date pending the results of the Board's meeting, that would express the Legislature's intent in ensuring that the funding process should not be overly burdensome or negatively affect some groups over others.

- **Option 2:** The Legislature and Governor can make changes to the funding regulations through legislation. In this case, the Subcommittee would not be required to take any

formal action, but would rather defer action to a member of the Legislature who could initiate legislation on the issue.

- **Option 3:** A combination of Option 1 and Option 2, in which the Subcommittee requests the State Librarian to call a meeting of the California Public Library Construction and Renovation Board to consider changes to its funding regulations, while the Legislature considers legislation making some changes.

Staff Recommendation. Given the overwhelming demand and need for state assistance in the construction of new libraries, and what is expected to be a highly competitive process for limited state funds, all the options presented here raise potential legal challenges and questions. These concerns notwithstanding, if the Subcommittee wishes to address the issues raised over the adopted regulations, staff recommends the Subcommittee adopt Option 1 as a strategy toward resolving the issue.

Option 1 provides several important advantages. First, Option 1 does not assume that if the California Public Library Construction and Renovation Board were to meet it would make any changes to the adopted regulations. It is quite possible that the Board would meet and make no changes at all. But, by meeting as a Board to address the Legislature's concerns, the Board would be required to provide the public another opportunity to express its concerns over the regulations. Once this public hearing is held the Board may chose to initiate a new rule-making process or not. In addition, moving Option 1 does not preclude a member of the Legislature the avenue of seeking legislation providing for statutory changes to the regulations as well.

State Library staff has assured Subcommittee staff that a request from the Subcommittee for the State Librarian to call a meeting of the California Public Library Construction and Renovation Board would be honored by the State Librarian in his capacity as chair of the Board.

6610 CALIFORNIA STATE UNIVERSITY

ISSUE 1: MAJOR BUDGET ADJUSTMENTS

The Subcommittee will consider major budget adjustments proposed by the Governor for the California State University support budget.

BACKGROUND:

The California State University (CSU) system is comprised of 23 campuses, including 22 university campuses and the California Maritime Academy. The California State University currently serves approximately 305,854 full-time equivalent (FTE) graduate and undergraduate students.

The Governor's proposed budget for the CSU totals \$5.3 billion, an overall increase of \$33.2 million or 0.6 percent over the current budget year. The table below illustrates the proposed funding for the CSU from selected program funds, which includes proposed General Fund expenditures of \$2.7 billion, an increase of \$28.2 million or 1.0 percent over the revised current year funds.

| California State University Budget Summary (Dollars in Millions) | | | | |
|--|----------------|----------------|-------------|----------------|
| Sources of Funds | 2001-02 | 2002-03 | Change | Percent Change |
| General Fund | \$2,708 | \$2,736 | \$28 | 1.0% |
| Student Fees | 685 | 706 | 21 | 3.0 |
| Lottery Education Fund | 60 | 38 | -22 | -37.3 |
| Other Funds | 1,791 | 1,797 | 6 | 0.4 |
| Total | \$5,244 | \$5,277 | \$33 | 0.1% |

This table includes only a few selected public program funds.

Budget Increases. The Governor proposes \$118 augmentations in the CSU support budget including the following adjustments:

- Base Increase.** The Governor proposed a \$37.7 million increase in the state's base funding support, for a 1.5 percent general fund increase. The budget assumes that CSU will use this increase for adjustments to faculty and staff salaries (pursuant to collective bargaining negotiations), maintenance, information technology projects, and other programs.

- **Enrollment Growth.** The Governor proposes \$78.1 million to fully fund enrollment growth by 4 percent at 12,030 additional full-time equivalent students, including continued funding support for enrollment growth at ten CSU campuses during the summer term. In addition, the proposed budget provides \$1.2 million to fully fund year-round instruction at the Chico campus (240 FTES).

Program Reductions. The budget proposes the following program reductions for CSU, totaling \$55.5 million, including a continuation of \$29.5 million reductions in the revised current year:

- **Natural Gas Funds.** The Governor proposes a \$20 million continuation of the Governor's mid-year reduction related to lower natural gas costs approved by the Legislature for the revised current year.
- **Institutional Financial Aid Programs.** The Governor proposes a \$14.5 million reduction that the Department of Finance asserts is excess funds provided in prior years when fees were at a higher level. If approved, this reduction would leave \$122 million for needs-based financial aid, including \$105 million for the SUG program and \$17.3 million for the Educational Opportunity Program.
- **Teacher Training.** The Governor proposes a \$6.5 million reduction for the Educational Technology Professional Development Program. If approved, this reduction would leave \$6 million in the program. This program, structured similarly to the UC Professional development Institutes program, provides 120 hours of professional development in education technology for both beginning and veteran teachers. The CSU spends approximately \$1,900 per teacher which includes a \$1,000 stipend.
- **Teacher Recruitment.** The Governor proposes a \$5 million reduction for the California Center for Teaching Careers (Cal-Teach) teacher recruitment program. If approved, this reduction would leave \$6 million in the program.
- **Undesignated Reductions.** The Governor proposes a \$9.5 million continuation of the Governor's mid-year undesignated reductions approved by the Legislature for the revised current year.

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| COMMENTS: |
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Budget staff makes the following general observations for the Subcommittee's consideration regarding the Governor's proposed budget for CSU:

- **Enrollment Growth.** The Governor's proposed budget fully funds enrollment growth by assuming enrollment growth at 4 percent, which is above the 3.4 percent growth rate projected by the Department of Finance. In the current year, CSU served substantially more students than budgeted. Although CSU was budgeted for 3 percent growth in the current year, it estimates, based upon fall 2001 enrollment, that it will experience 5.9 percent growth, serving an additional 17,181 FTE students rather than the 8,760 additional FTE students for which it was budgeted. The CSU attributes much of the unanticipated growth to the recent economic downturn. It used temporary measures

such as salary savings and an increased student-per-faculty ratio to cover the cost of educating these additional students.

- **Student Fees.** The Governor proposes to maintain both resident and nonresident fees at their current levels, however, the Governor does not propose for the state to provide funding to continue the state's "buy-out" of a proposed student fee increase, creating a "savings" of \$27.9 million. Moreover, in contrast to the previous six years, the Governor does not propose to provide General Fund support in lieu of an increase in student fees. Since 1996-97, the state has annually provided CSU with this support. From 1996-97 though 1998-99, the state provided General Fund support in lieu of increases in student fees at an annual rate of 10 percent. From 1999-00 through 2001-02, the state provided such support at an average annual rate of 4.5 percent. As a matter of recent practice, the foregone fee increases are assumed to reflect the percent change in per capita income, with a two-year lag.
- **Undesignated Reductions.** Some concern has been raised with allowing departments full discretion to implement undesignated cuts without Legislative oversight. As a result, Budget staff has requested information from departments and agencies regarding how they have implemented current year undesignated reductions enacted by the Legislature and the Governor and information on how they plan to implement any proposed undesignated reductions in the budget year. Based on information received by Budget staff, CSU has reported that, with few exceptions, the Chancellor's office does not direct campuses on how to manage these reductions on the campus level. Instead, the Chancellor's Office leaves it up to the campus Presidents to determine where these reductions will be made at the local level.

CSU staff did inform Budget staff that they have been complying with the Governor's directive to implement a hiring freeze for the balance of the year. With the exception of tenure/tenure track faculty positions, CSU campuses have been honoring the Governor's request and the savings from this hiring freeze will be applied against reductions campuses and the Chancellor's Office are expected to meet. However, CSU does not have system-wide data on how much of these savings have been combined with other actions that may have been necessary by campuses to meet their current year 2001-02 reduction totals or how they plan to manage the proposed undesignated reductions in the budget year. The Subcommittee may wish to request that CSU provide more detail on how it is managing the current year undesignated reduction as the information becomes available and how it plans to manage these proposed reductions in the budget year.

- **Compensation Issues & Non-resident Student Fees.** Although not accounted for in the Governor's proposed budget, the CSU Board of Trustees has given notice that it will consider increasing non-resident fees by 15% at its May meeting. If approved, this increase in non-resident student fees will provide the CSU with an additional \$11.8 million in revenue that CSU proposes to use to provide its faculty and staff with an additional .5 percent (for a total of 1.5 percent in the budget year) salary increase. This action by the CSU Board of Trustees is being pursued in attempt to fulfill the recently negotiated "tentative agreement" with the California Faculty Association. It should be noted that CSU has not adjusted non-resident student fees since 1991-92.

The Governor's proposal to provide funding support for year round operations at CSU, Chico is discussed in further detail later in the agenda.

ISSUE 2: GOVERNOR'S TEACHING FELLOWSHIPS

The issue for the Subcommittee to consider is the Legislative Analyst's recommendation to convert the Governor's Teaching Fellowships in APLE Warrants.

BACKGROUND:

The CSU administers the Governor's Teaching Fellowship program, which was established in 2000. The Governor's budget includes a total of \$21.1 million for the program in the budget year. The program offers nonrenewable \$20,000 grants to meritorious students enrolled in teacher-education programs. The CSU issues 1,000 fellowships each year. The Student Aid Commission administers a similar program—the longstanding APLE, which offers up to \$19,000 in loan forgiveness to meritorious students enrolled in teacher-education programs. The Student Aid Commission currently issues 6,500 new warrants each year.

COMMENTS:

Legislative Analyst Recommendation. The Legislative Analyst recommends the Legislature convert the Governor's Teaching Fellowships into awards issued under the longstanding Assumption Program of Loans for Education (APLE), which is administered by the Student Aid Commission. The Legislature could then authorize the Student Aid Commission to issue 1,000 additional new warrants (for a total of 7,500 new warrants) each year. The Legislative Analyst makes the following points in support of her recommendation:

- **Program Similarities.** The eligibility criteria for the fellowship program and APLE program are very similar. Under both programs, recipients must have outstanding ability as demonstrated by academic performance, faculty evaluations, interviews, and/or letters of recommendation. The only notable difference is that APLE recipients must already have or agree to receive a federal or state educational loan.

Additionally, both programs require very similar teaching commitments. The most notable difference in teaching commitment is that APLE recipients have more flexibility. Whereas fellowship recipients must agree to teach four years in a low-performing school, APLE recipients must agree to teach four years in one of the following areas: a low-performing school, a low-income school, a school with a high percentage of uncredentialed teachers, or a designated subject matter shortage area. The penalties for not fulfilling these teaching commitments are also similar. Fellowship recipients are required to repay \$5,000 for each year they renege on their teaching agreement, whereas APLE recipients are denied loan forgiveness (ranging from \$2,000 to \$5,000) for each year they renege on their teaching agreement.

- **Fiscal Efficiencies:** The Legislative Analyst argues that although the two programs could be combined simply because they serve similar students and require similar teaching commitments, the Legislature could obtain several fiscal benefits by converting the \$20,000 fellowships into \$19,000 redeemable APLE warrants. These benefits include:

- 1) Budget year savings. Saving \$21 million in the budget year because award recipients would not begin redeeming their warrants until 2003-04. Although this is a

short-term savings, the Legislature can also obtain additional long-term savings through a conversion.

- 2) Reducing out-year costs.
- 3) Reducing enforcement costs. By converting the program, there would be no need for CSU to become involved in a time-consuming, difficult, and costly enforcement process to obtain repayment from individuals who have already received fellowships yet have decided not to teach. The APLE forgivable loan program provides that if a fulfillment of teaching commitment is not met the state simply does not forgive that portion of their loan.
- 4) Reducing administrative costs. The Legislative Analyst believes it would be less costly for the Student Aid Commission to administer an expanded APLE program. Currently, to administer the Governor's Teaching Fellowship program and track fellowship recipients, CSU receives \$1 million annually and the Commission on Teacher Credentialing receives \$66,000.

CSU Response to the Legislative Analyst Recommendations: The CSU believes that the Governor's Teaching Fellowship program should not be redirected to the APLE program because they believe that the Governor's Teaching Fellowship program is a recruitment and retention initiative designed to place and keep credentialed teachers in the neediest public schools. Moreover, CSU believes that the two programs discussed by the Legislative Analyst serve entirely different purposes, targeting different populations of students, with the APLE program serving more as a financial aid program. CSU also asserts that not all students who are currently receiving the Governor's Teaching Fellowship may be willing or able to assume loan debt under the APLE program.

CSU believes they have been administering the Governor's Teaching Fellowship program for almost two years because they are the largest producer of qualified teachers in the State and have the experience and direct campus contacts necessary to provide effective program management. CSU also believes that the Governor's Teaching Fellowship programs and the APLE program complement one another and together provide California with a more comprehensive teacher recruitment and retention strategy, directing fully prepared new teachers to the schools where they are most needed.

6440/6610 UNIVERSITY OF CALIFORNIA/CALIFORNIA STATE UNIVERSITY CROSS CUTTING ISSUES

ISSUE 1: YEAR-ROUND OPERATIONS

The Subcommittee will hear a report from both UC and CSU regarding their implementation of year-round operations and will consider the Governor's proposed funding for expanding year round operations at UC Davis and CSU Chico.

BACKGROUND:

Since 1998-99, the Legislature has strongly encouraged UC and CSU to serve more students during the summer. Expanding summer operations has the benefit of significantly increasing UC's and CSU's enrollment capacity while reducing out-year costs associated with constructing new classrooms and campuses. Additionally, it increases students' access to high demand campuses and allows students, if they desire, to accelerate their time to degree. It even offers faculty greater flexibility in managing their workload (because they can select the terms they wish to work) without increasing their overall workload.

The State has taken several important steps since 1998-99 to move the UC and CSU toward year-round operations including the following:

- **Established Consistent Funding Policy for Enrollment Growth.** Prior to 1998-99, the state provided General Fund support only for students enrolled in fall, winter, and spring. Summer-session costs were not directly supported by the state. Instead, they were "self-supported" by student fees, which were set higher than the other terms. Between 1998-99 and 1999-00, the state made a series of decisions indicating its intent to fund all enrollment growth, regardless of term, at the same funding rate. For example, in 1998-99, the Legislature and the Governor agreed to provide the same funding rate during all terms and at all UC and CSU campuses for students enrolled in teacher preparation programs.

The state funds enrollment growth at UC and CSU based upon a "marginal-cost formula," which estimates the cost of educating one additional full-time equivalent (FTE) student. The state covers most of this cost through General Fund support. The remainder is covered by student fees. Based upon this formula, in 2002-03, the state would be providing \$8,987 for every additional FTE student at UC and \$6,487 for every additional FTE student at CSU.

- **Established Consistent Fee Policy.** The next action the state took to expand summer enrollment was to reduce the summer fee rate to the regular fee rate. Chapter 383, Statutes of 2000 (AB 2409, Migden), prohibited UC and CSU from charging students more in summer than in fall, winter, and spring. Prior to this action, UC campuses charged students approximately 15 percent more (on average) for courses in the summer. At CSU, campuses charged between 120 percent and 160 percent more for summer courses. Thus, Chapter 383 created a consistent, year-round fee policy at all UC and CSU campuses (effective summer 2001). The 2000-01 Budget Act appropriated a total of \$33.7 million from the General Fund to UC (\$13.8 million) and CSU (\$19.9

million) to compensate the universities for revenue they would forego by reducing summer fees at all of their campuses.

- **Provided Supplemental Summer-Expansion Funding.** In 2001-02, the state provided \$33.1 million in supplemental funding for the purpose of enhancing summer operations at three UC campuses (Berkeley, Los Angeles, and Santa Barbara) and four CSU campuses (Fullerton, Long Beach, San Diego, and San Francisco). This funding was sufficient to provide the full marginal-cost rate for all existing FTE enrollments in these campuses' self-supported summer sessions.
- **Linked Supplemental Funding to Growth in Summer Enrollments.** Although supplemental funding is not strictly necessary for summer enrollments to grow, the state has decided to provide it as an incentive to expand summer operations at UC and CSU as rapidly as possible. The 2001-02 Budget Act made summer-expansion funding (of \$33.1 million) contingent on the campuses' meeting minimum summer 2001 growth targets (700 additional FTE enrollments at UC and 400 additional FTE enrollments at CSU). Failure to meet these targets would trigger the reversion of a proportionate share of the summer-expansion appropriations. The 2001-02 Budget Act required the universities to report to the Legislature by December 1, 2001, whether they had met their enrollments targets. The universities were also required to provide the fiscal committees, by January 15, 2001, with a comprehensive five-year plan that included summer enrollment targets for each of their campuses.

Governor's Proposed Budget Continues Year Round Operations Expansion. The Governor's proposed budget includes a total of \$8.6 million for UC and CSU to continue expanding summer operations. Of this amount, \$7.4 million is associated with providing "full" funding for approximately 900 existing FTE enrollments at UC Davis. The remaining \$1.2 million is for CSU to provide full funding for 240 existing FTE enrollments at the Chico campus.

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The Subcommittee may wish to have UC and CSU provide an oral update to the Subcommittee accounting for Summer 2001 Activities. This presentation should include a discussion of the efforts made to meet the specified targets and a presentation of the comprehensive five-year plans requested by the Legislature in the 2001 Budget Act. In addition, staff recommends that the segments incorporate into their presentations a report on the following issues, raised by the Legislative Analyst:

- **Report on CSU's Summer Expansion.** The CSU should explain why it expanded summer operations at six campuses when it had not been funded to do so. The CSU should also explain how it intends to cover the out-year costs associated with its decision to expand summer operations at these campuses. Additionally, CSU should provide summer 2000 and summer 2001 enrollment figures for all of its campuses, such that comparisons can be made between those campuses that did and did not receive supplemental funding to expand summer operations.

- **Report on Summer 2001 Expenditures.** Although UC and CSU exceeded their enrollment targets, it is not yet clear how they expended the \$33.8 million the state provided in 2001-02. Accounting for the expenditure of these funds is particularly important given that campuses without additional General Fund support experienced similar growth in summer enrollments. Furthermore, notwithstanding the universities' claims, UC's and CSU's expanded summer terms are likely not to have high initial start-up costs. Unlike the establishment of a new enterprise, the expansion of summer term builds on infrastructure, personnel, and support that are already in place. The systems, however, are now receiving comparable funding year-round even though the services they provide in summer are not yet comparable to the services they provide throughout the rest of the year.

Legislative Analyst Recommendation. The Legislative Analyst recommends that the Legislature approve \$7.4 million and \$977,000 to promote summer expansion at UC Davis and CSU Chico, respectively. However, the Legislative Analyst recommends this funding continue to be linked to summer enrollment targets specified in the 2002-03 Budget Act. Given the campuses' recent performance, the Analyst asserts that growth targets of approximately 30 percent—suggesting growth of approximately 300 additional FTE students at UC Davis and 80 additional FTE students at CSU Chico—would be relatively modest. As was done in the 2001-02 Budget Act, the Analyst believes the universities should revert a proportionate amount of the summer-related appropriation if the campuses fail to meet those growth targets. Finally, to monitor the newly converted campuses' success in meeting these targets, the Analyst believes the Legislature should continue to require UC and CSU to report on summer enrollments at all their campuses by December 1, 2002.

The Legislative Analyst makes the following additional recommendations for the Subcommittee's consideration:

- **Support Consistent Enrollment-Growth Policy.** Instead of providing fee-buydown monies for UC campuses that have not yet received full funding for summer session, the Analyst recommends the Legislature direct both UC and CSU to support additional summer students at all campuses with enrollment-growth funds. They believe this would enable all campuses to receive full funding for additional summer students, thereby increasing the incentive for all campuses (even those that have not yet received funding for existing summer students) to expand summer operations.
- **Declare Intent to Fund Existing Summer Enrollments Over Next Several Years.** In the past, UC and CSU have resisted including additional summer students in their budgeted enrollment-growth figures because they have been concerned that the state would decide to fund summer enrollment growth without ever funding existing summer enrollments. The UC and CSU stated they would not be able to offer comparable services during the summer without funding for these existing enrollments. The Analyst believes the state's considerable investments in summer operations over the past two years, as well as in the budget year, demonstrate its commitment to provide funding for existing summer enrollments. To respond directly to the systems' concerns, however, the Analyst recommends the

Legislature state its intent in budget bill language to fund the remaining summer enrollments over the next several years.

ISSUE 2: JOINT DOCTOR OF EDUCATION

The issue for the Subcommittee to consider is the recent agreement reached by UC and CSU to develop additional joint Doctor of Education programs.

BACKGROUND:

During the 2001 legislative session, the Legislature considered Senate Bill 713 (Alpert), which declared the importance of educational leadership in K-12 schools, colleges, and universities and stated the intent to ensure that a sufficient number of affordable, high-quality opportunities were available for individuals interested in obtaining a doctor of education (Ed.D.) degree. The Ed.D. is one of several types of training programs for K-12 and community college administrators—including superintendents, principals, vice principals, and other central administrative officers, such as budget directors. Currently, CSU and UC only offer three joint Ed.D. programs and one joint Ph.D. program in education.

Agreement Reached. During fall 2001, CSU and UC reached an agreement to establish additional joint Ed.D. programs, believing they could address the Legislature's concerns without the need for the enactment of SB 713. Recently, CSU and UC have established a Joint Ed.D. Board and developed a new set of policies to govern their joint Ed.D. programs. Under the new agreement, UC and CSU agreed to the following:

- The CSU and UC propose to designate a total of \$4 million during the next two years (2002-03 and 2003-04) for the planning of additional joint Ed.D. programs. Of this amount, each system proposes to contribute an equal amount (\$2 million). The systems state that the \$4 million will be one-time funding provided for planning, program development, and initial start-up costs.
- All students in joint Ed.D. programs would be counted as UC FTE enrollments regardless of whether they are taking courses at UC or CSU. Therefore, all students in the program would generate state revenue at the UC funding rate. This revenue would presumably be shared by the systems to cover their joint expenses. Under previous joint Ed.D. arrangements, students were subsidized at the CSU funding rate when they were enrolled in CSU courses and subsidized at the UC funding rate when they were enrolled in UC courses. The new funding policy deviates from the previous funding policy governing the three existing CSU and UC joint Ed.D. programs as well as joint doctoral programs in other disciplines. The systems state that "the UC funding level was needed to provide an adequate incentive for CSU and UC campuses to collaborate in making these programs a high priority and to ensure appropriate quality."
- Under the new arrangements, joint Ed.D. programs would charge students the UC fee rate for all of their courses. In 2002-03, the total resident fees for UC graduate students exceed the total resident fees for CSU graduate students by almost \$3,000, or 50 percent. Under previous arrangements, joint Ed.D. programs typically charged students the UC fee rate for courses taught at (or provided by) the UC campus and the CSU fee rate for courses taught at the CSU campus. Similar to the change in funding policy, the change in fee policy deviates not only from previous joint Ed.D. arrangements but also from current arrangements for other joint doctoral programs.

COMMENTS:

Legislative Analyst Recommendation. The Legislative Analyst recommends the Legislature ask CSU and UC to report during budget hearings on their policies for creating new joint Ed.D. programs. The Legislative Analyst asserts that these new policies deviate significantly from existing policies governing joint CSU and UC doctoral programs. Most notably, the new policies provide joint Ed.D. programs with a higher funding rate and a higher fee rate compared to previous joint Ed.D. programs and other existing joint doctoral programs. Moreover, the Legislative Analyst believes that the proposed new joint Ed.D. programs would serve fewer students at much higher cost compared to the new administrator-training options the state has recently established and the longstanding administrator-training programs the state already funds.

Given the potential out-year costs associated with the CSU and UC agreement, the Subcommittee may wish to review the segment's policies for creating new joint doctor of education programs. Specifically, the Legislative Analyst and Budget staff recommends that the Subcommittee request CSU and UC to:

1. Identify what reductions or funding shifts were required to fund \$4 million in planning costs;
2. Provide an update on their expectations regarding the number of new programs they would establish and the number of students they would serve;
3. Explain why the new joint Ed.D. programs will require a higher per-student funding level and fee level compared to existing joint doctoral programs; and
4. Discuss their efforts to align their new programs to the revised Administrative Services Credential requirements.