

**AGENDA**  
**ASSEMBLY BUDGET SUBCOMMITTEE NO. 2**  
**ON EDUCATION FINANCE**

**PART I : HIGHER EDUCATION**

**Assemblymember S. Joseph Simitian, Chair**

**WEDNESDAY, JANUARY 15<sup>TH</sup>, 2003**  
**STATE CAPITOL, ROOM 447**  
**9:30 AM**

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**ITEM #: 6120 CALIFORNIA STATE LIBRARY****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year reductions to the California State Library.

**BACKGROUND:**

The following are the Governor's proposal with respect to the California State Library:

- ❖ **State Operations:** \$1.04 million reduction that is offset by a \$1.2 million increase in federal funds in the current year to support the federal government's share of the State Library's administrative costs.
- ❖ **Other Reductions:** The Governor proposes \$18,000 be reduced for out of state travel reduction and \$1,000 from the Sutra Library Repairs.
- ❖ **California Civil Liberties Public Education Grants:** The Administration proposes to reduce \$500,000 non-Proposition 98 General Fund for California Civil Liberties Public Education Grants. Many valuable educational materials have been developed or provided since the inception of this program, which has received the intended three years of funding. The State Library has indicated to the Administration that they believe all meritorious grant applications have been funded.
- ❖ **Public Library Foundation (PLF):** The Administration proposes to reduce \$15.766 million non-Proposition 98 General Fund from the Public Library Foundation per capita formula grants to local libraries. The 2002 Budget Act contains \$31.5 million for the program. Local libraries use the funds for acquiring library materials, staff, operating expenses and equipment.

**ITEM #: 6360      COMMISSION ON TEACHER CREDENTIALING****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year reductions to the Commission on Teacher Credentialing.

**BACKGROUND:**

The following are the Governor's proposal with respect to the Commission on Teacher Credentialing:

- ❖ **Intern Program:** The Governor proposes reducing the Intern program by \$2.772 million.
- ❖ **Pre-Intern Program:** The Governor proposes reducing the Pre-Intern Program by \$1.278 million.
- ❖ **Paraprofessional Program:** The Governor proposes to reduce the Paraprofessional Program by \$810,000.
- ❖ **California Mathematics Initiative for Teaching:** The Administration proposes to eliminate \$500,000 remaining Proposition 98 General Fund for the California Mathematics Initiative for Teaching, which provides incentives for individuals to meet State preparation standards and credentials to teach mathematics in elementary and secondary schools.
- ❖ **Credential Monitoring:** The Governor proposes to reduce credential monitoring by \$38,000.
- ❖ **State Operations Support for Paraprofessional Program:** The Administration proposes to revert \$51,000 General Fund that is used to fund a position to support the Paraprofessional Program. This position will be funded with available funds from the Teacher Credentials Fund. With this reversion, the Commission on Teacher Credentialing has no non-Proposition 98 General Fund remaining.
- ❖ **Reversion of Prior-Years Savings:** The Administration proposes that \$16.4 million be reverted to the Proposition 98 Reversion Account. Specific program savings include:
  - **California Pre-Internship Teaching Program:** \$13.5 million in 2000-01 program savings and \$2.9 million in 2001-02 program savings which otherwise would not revert until June 30, 2004.

**ITEM #: 6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year reductions to the California Postsecondary Education Committee.

**BACKGROUND:**

The Governor proposes to reduce the California Postsecondary Education Commission's General Fund State operations budget by \$108,000 for various operating costs as determined by the Commission.

**ITEM #: 6440 UNIVERSITY OF CALIFORNIA****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year reductions to the University of California.

**BACKGROUND:**

The Governor proposes to reduce the University of California's current-year General Fund appropriation by \$74.3 million. This equates to a 2.4 percent reduction, which is equivalent to the reduction proposed for the California State University, but falls short of the 3.66 percent across-the-board reduction in K-12 and Community Colleges. Given the UC Board of Regent's ability to raise student fees and retain two-thirds of the revenue to "backfill" program reductions (one-third of the revenue derived from fee increases goes back to student financial aid), the actual percentage reduction absorbed by the UC in the current year will be closer to 1.7 percent.

Targeted reductions include: \$20 million to Academic and Institutional Support, \$6.3 million to Student Services, \$3.3 million to K-12 Outreach programs, \$2.5 million to Public Services programs, \$1.1 million to the K-12 Internet Initiative program, \$19 million in unallocated reductions, and \$18 million reversion of estimated savings for Substance Abuse research, the Multi-Campus Unit for Labor Studies research, and the Institute for Mexico and the United States research activities, and \$4 million in estimated savings for the AP Online project.

**COMMENTS:**

**UC Board of Regents Action:** The proposed reductions were approved by the UC Board of Regents on December 16, 2002, along with action to increase student fees for the Spring term by \$135 for all students and to also increase the differential fee assessed to students in professional programs. These increases in student fees represent the half year cost of the increase. As a result, the increase will double in the budget year (\$270 for all students) with the possibility of further increases in fees.

**Concerns raised at San Jose Hearing:** At the San Jose informational hearing in December 2002, Assemblymember Jackie Golberg raised concerns regarding the accuracy of the amount specified as available savings for the Multi-campus Unit for Labor Research. In response, Chair Simitian requested budget staff to work with the University to reconcile their budget situation and report back to the Subcommittee. Budget staff convened a meeting on December 20, 2002 with the UC and interested parties and it appears that the issue was resolved realizing that there is less than anticipated savings in the Labor Center's budget. UC indicated at that meeting that if this was truly the case (as it appeared to be), they would only capture what was available and take further reductions in other areas such as UC administration to make up the difference.

Lastly, at the San Jose hearing Assemblymember Wilma Chan raised her continued concern over the UC K-12 outreach programs given the success of these programs in blunting the devastating effect of Regent's Resolution SP-1 and Proposition 209 on maintaining diversity. It should be noted that these programs have already been reduced in the current year by over \$8 million. The Governor's mid-year reduction would increase the cut to outreach by \$3.3 million.

**ITEM #: 6600      HASTINGS COLLEGE OF LAW****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year reductions to Hastings College of Law.

**BACKGROUND:**

The Governor proposes to reduce the Hastings College of the Law's current-year General Fund appropriation by \$1 million. The Governor asserts that these reductions are unallocated to allow Hastings the flexibility to determine reductions from any program area with the intent to minimize affects on direct instruction and access.

**COMMENTS:**

Hastings may do as UC has by raising student fees to make up part of the loss in revenue. At present, Hastings indicates that it does not intend to assess a mid-year increase in student fees; however, approximately 50 percent of the current-year reduction (\$480,000) could be recovered by assessing a \$400 fee increase for the Spring semester. Such a fee increase would be the approximate increased fee amount adopted by the UC Regents for law students.

**ITEM #: 6610 CALIFORNIA STATE UNIVERSITY****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year reductions to the California State University.

**BACKGROUND:**

The Governor proposes to reduce the California State University's current-year General Fund appropriation by \$59.6 million. This equates to a 2.3 percent reduction, which is equivalent to the reduction proposed for the UC but falls short of the 3.66 percent across-the-board reduction in K-12 and Community Colleges. Given the CSU Trustees ability to raise student fees and retain two-thirds of the revenue to "backfill" program reductions (one-third of the revenue derived from fee increases goes back to student financial aid), the actual percentage reduction absorbed by the CSU in the current year will be closer to 1.5 percent.

**COMMENTS:**

**CSU Board of Trustees Action:** The proposed reductions were approved by the CSU Board of Trustees on December 16, 2002, along with action to increase student fees for the Spring term by \$72 for undergraduate students and \$114 for graduate students.

**Concern over the Unallocated Reduction:** The Governor asserts that the reduction to CSU budget is "unallocated" to allow the CSU the flexibility to determine reductions from any program area with the intent of minimizing effects on direct instruction and access. CSU has stated that it intends to reduce operations spending by \$62 million (on a one-time basis) by filing only critically needed positions and reducing funding for academic support, among other things. The California Faculty Association has submitted a request for Supplemental Report Language relating to the manner in which these unallocated reductions should be taken. This language will be distributed at the hearing for the Subcommittee's consideration.

**ITEM #: 6870 CALIFORNIA COMMUNITY COLLEGES****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year reductions to the California Community Colleges.

**BACKGROUND:**

In order to lower the General Fund to the K-14 Proposition 98 minimum guarantee, the Governor proposes several significant reduction to the California Community Colleges as follows:

- ❖ **December Across the Board reduction:** \$97.5 million reduction from an across the board general fund reduction of 3.66 percent in the current year, which is a 1.5 percent reduction of total revenues. This reduction is to both categoricals and apportionments.
- ❖ **January Across the Board reduction:** \$60.4 million reduction from an across the board general fund reduction of 7.44 percent in the current year to categorical programs only.
- ❖ **Community College Concurrent Enrollment Audits:** The Administration proposes to recapture \$80 million in Proposition 98 General Fund community college apportionments to reflect estimated non-compliant credit instruction claimed in 2001-02 by community college districts for concurrently enrolled K-12 students. In its proposal, the Administration points out that these practices conflict with the restrictions specified in current law for K-12 special admit students in community colleges. The Administration intends to conduct an audit to identify the scope and breadth of these practices in colleges and K-12 districts.
- ❖ **2002-03 Property Tax Decline:** The Administration does not propose to backfill the \$33.3 million loss in property taxes estimated for the current year in apportionments.
- ❖ **EOPS Reversion Account Swap:** The Governor proposes to swap \$50.9 million in current-year funding for the Extended Opportunities Programs and Services from the Proposition 98 Reversion account.
- ❖ **Reversion of Prior-Years Savings:** The Administration proposes \$7.6 million of prior year savings be reverted to the Proposition 98 Reversion Account related to the shift of funding for ROC/Ps in the current year, as addressed in the Department of Education section. Specific program savings include:
  - **Special Services for CalWORKs Program:** \$4.6 million in 2000-01 savings.
  - **Increased Property Taxes for Apportionments:** \$3 million in 2001-02 apportionments savings from an increase in reported property taxes compared to the 2002 Budget Act estimate.
- ❖ **California Community Colleges Chancellor's Office:** The Administration proposes to reduce the budget for the California Community College Chancellor's Office's current-year non-Proposition 98 General Fund appropriation by \$396,000. This action reflects various



reductions in operating expenses and services to the State operations budget of the Community College Chancellor's Office.

**COMMENTS:**

In attempting to limit the impact on the classroom and in response to the Governor's proposed mid-year spending reduction for community colleges, the Community Colleges Board of Governors has developed an alternative proposal to the Governor's plan for the Legislature's consideration. The Board of Governor's proposal combines a mix of targeted reductions with an across-the-board reduction for the most part, to achieve a Proposition 98 General Fund savings of \$158.975 million, approximately \$130 million short of the Governor's proposals for the community colleges. The Subcommittee will hear from both the Chancellor's Office of the Community College and the Legislative Analyst on possible alternatives to the Governor's proposals and approach.

**ITEM #: 7980 CALIFORNIA STUDENT AID COMMISSION****ISSUE 1: GOVERNOR'S PROPOSED MID-YEAR REDUCTIONS**

The issue for the Subcommittee to consider is mid-year adjustments to the California Student Aid Commission.

**BACKGROUND:**

The Governor proposes the following mid-year proposals for the Student Aid Commission:

- ❖ **Cal Grants/APLE Reduction:** \$45 million for lower than anticipated insurance of Cal Grant and APLE awards.
- ❖ **Cal Grant Adjustment:** \$5.398 million augmentation to adjust the Cal Grant to match the increase in student fees at UC and CSU.
- ❖ **Shift Administrative Cost for Outreach:** \$250,000 fund shift from General Fund support for Cal Grant financial aid outreach to the Ed Fund.
- ❖ **Other Administrative Costs:** \$200,000 reduction for Teale Data Center contracts, \$720,000 reduction in the overtime budget, \$50,000 in reduced in-state travel, \$50,000 for reduced facilities operations costs, \$50,000 for reduced general expenses, \$10,000 for reduced out of state travel