

THE 2001 STATE BUDGET

HIGHER EDUCATION

UNIVERSITY OF CALIFORNIA

The University of California (UC) system includes eight general campuses, one health science campus in San Francisco and one new campus currently under development in Merced. The University of California, founded in 1868 as a public land-grant institution, is the primary state-supported academic agency for research, with exclusive jurisdiction in public higher education over instruction in the professions of law, medicine, dentistry, and veterinary medicine. The University of California currently serves an estimated 170,566 full-time equivalent (FTE) graduate and undergraduate students.

Overall, the 2001 Budget Act for the University of California provides \$3.358 billion in General Fund. This General Fund increase of \$153 million, or 4.8 percent, over last year's budget allows UC to accommodate enrollment growth, expand access during the summer term and improve the quality of instruction.

Major Provisions

The major provisions of the University of California budget include:

- **Enrollment Growth.** The budget provides \$65 million to fully fund enrollment growth, accommodating an additional 10,522 Full-time Equivalent Students.
- **No Student Fee Increase.** The budget provides \$21.5 million to avoid a 4.9 percent increase in mandatory system-wide student fees.
- **Year-round Operations.** The budget provides \$20.7 million to move to year-round operations at UC Berkeley, UC Los Angeles, and UC Santa Barbara campuses.
- **UC Merced.** The budget provides \$162.4 million, of which \$158.6 million is in lease revenue bonds, to expedite the development of the UC Merced campus in order for the facility to be open to students before 2004-05.

- **UC San Francisco-Fresno Medical Center.** The budget provides \$26 million in lease revenue bond funding to construct a new medical facility in the Central Valley as part of the UC San Francisco-Fresno Medical Center.
- **Redirection and Cuts to Outreach Programs.** The budget provides a redirection of \$5 million dollars within the University's base budget for short-term "yield" efforts to increase the diversity of students being admitted and enrolling at UC, including funding for comprehensive admission review efforts, student-initiated outreach and student academic development programs. In signing the budget, the Governor also cut \$2 million from outreach programs designed to increase diversity at UC and gave the University discretion on where those cuts would come from. The University will be expected to report to the Governor and the Legislature on the funding cuts next year.
- **Teaching Hospitals.** The budget provides \$5 million for clinical teaching support at the University's medical centers, neuropsychiatric institutes and dental clinics.
- **Internet2.** The budget provides \$14 million in one-time funds to support the continued development and expansion of Internet2, a high performance communication network.
- **Spinal Cord Research.** The budget includes a \$1 million augmentation for Spinal Cord research, bringing total funding for this research initiative to \$2 million.
- **Institutes for Science and Innovation.** The budget provides \$95 million to develop four UC Institutes for Science and Innovation. These institutes include the UCLA/UCSB California Nano-Systems Institute, UCSD/UCI California Institute for Telecommunications and Information Technology, UCSF/UCB/UCSC California Institute for Bioengineering, Biotechnology and Quantitative Biomedicine and a new institute, to be located at UC Berkeley on information technology.
- **Increased Natural Gas Costs.** The budget provides \$75.6 million to fund increased natural gas costs as a result of higher than anticipated natural gas rates due to the energy crisis for both the current year and the budget year.

CALIFORNIA STATE UNIVERSITY

The California State University (CSU) system is comprised of 23 campuses, including 22 university campuses and the California Maritime Academy. Each campus in the system offers undergraduate and graduate instruction for professional and occupational degrees, as well as broad liberal education programs. A limited number of doctoral degrees are offered jointly with the University of California and with select private universities. The CSU currently serves an estimated 291,980 full-time equivalent (FTE) graduate and undergraduate students.

Overall, the 2001 Budget Act for the California State University provides \$2.607 billion in General Fund. This General Fund increase of \$143 million, or 5.8 percent, over last year's budget will allow CSU to accommodate enrollment growth, expand access during the summer term and improve the quality of instruction.

■ Major Provisions

The major provisions of the California State University budget include:

- **Enrollment Growth.** The budget provides \$55.7 million to fully fund enrollment growth, accommodating an additional 8,760 Full-time Equivalent Students.
- **No Student Fee Increase.** The budget provides \$16.5 million to avoid a 4.91 percent increase in mandatory fees.
- **Year-round Operations.** The budget provides \$12.4 million in ongoing funds to move to year-round operations at the Fullerton, Long Beach, San Diego and San Francisco campuses.
- **Channel Islands.** The budget provides \$3 million for the final allocation in fixed costs at the new CSU, Channel Islands campus. Over the last two years, the state has provided CSU with \$7.2 million in support funds and \$11.3 million in capital funds to establish the Channel Islands campus.
- **K-12 Educational Technology Professional Development Program.** The budget provides a \$6 million augmentation for the Education Technology Professional Development Program, bringing total funding for the program to \$12.5 million.
- **Governor's Teaching Fellowships.** The budget provides an additional \$17.5 million for the Governor's Teaching Fellowship program—bringing total funding for the program to \$21 million. This is a five-fold increase over current-year

funding. The program offers \$20,000 nonrenewable graduate teaching fellowships to students who agree to teach at low-performing schools for four years. The program currently provides 250 fellowships. The 2001-02 appropriation would fund 1,000 fellowships.

- **Increase Natural Gas Costs.** The budget provides \$34 million, including \$18.6 million in one-time funds, to fund increased natural gas costs resulting from higher than anticipated natural gas rates due to the energy crisis.

COMMUNITY COLLEGES

The California Community Colleges (CCC) provide a general education program at 108 Community Colleges through 72 local districts, which serve approximately 1.6 million students. By law, Community Colleges must admit any Californian seeking admission who has graduated from high school and may admit those who have not graduated but who are 18 years of age or older and can benefit from instruction. This policy of "open access" demonstrates the Community College mission to provide all Californians with the opportunity for education and training.

The 2001 Budget Act provides \$6.156 billion for the Community Colleges - \$2.968 billion in General Fund and \$1.831 billion in local property tax revenues. This amount is \$147 million or 5.2 percent over last year's budget. With these increases, the CCC will receive approximately 10.2 percent of Proposition 98 funds.

■ Major Provisions

The major provisions of the Community College's budget include:

- **Enrollment Growth.** The budget provides \$114.5 million to fund enrollment growth, accommodating an additional 30,871 Full-time equivalent students, bringing the total Full-time equivalent students served at the Community Colleges to approximately 1,059,899.
- **No Student Fee Increase.** The budget does not include an increase in student fees. Community College students will continue to pay \$11 per unit, the lowest in the nation.
- **Cost of Living Adjustment.** The budget provides \$155.4 million to fund a 3.87 percent COLA to fund cost of living increases for both general purpose funds and selected categorical programs.

- **Joint Baccalaureates Program.** The budget provides \$1 million in one-time General Fund support for the San Mateo Community College District (Cañada College) to develop a joint baccalaureates program with San Francisco State University.
- **Part-time Faculty Compensation.** The budget provides \$57 million to assist districts in making part-time faculty salaries more comparable to full-time faculty salaries for similar work associated with teaching.
- **Part-time Faculty Office Hours.** The budget provides increased funding of \$4.7 million for part-time office hours, bringing funding specifically for this purpose to \$7.9 million and restoring the two to one State matching requirement.
- **Increased Energy/Natural Gas Costs.** The budget provides an additional \$49,000,000 appropriation to the California Community Colleges from the Proposition 98 Reversion Account to assist in defraying colleges' increased electricity and natural gas costs.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission (CSAC) is responsible for making higher education affordable and accessible to students in California. CSAC attempts to accomplish this mission by administering a variety of student aid and loan programs, including the Cal Grant program, which is the primary state source of financial aid. In addition, the Commission administers the Federal Guaranteed Student Loan Program.

The 2001 State Budget Act for the California Student Aid Commission is \$635 million in General Fund. This General Fund increase of \$137.9 million, or 27.5 percent, over last year's budget, allows CSAC to dramatically increase financial aid and make college more affordable for California's working families.

■ Major Provisions

The major provisions of the California Student Aid Commission budget include:

- **Cal Grant Entitlement and Competitive Awards.** The budget dramatically expands the Cal Grant program by providing an additional \$92.9 million in General Fund support to:
 - ◆ Provide, for the first time in the State's history, entitlement awards for all qualifying high school seniors;

- ◆ Provide 22,500 competitive awards for other college students;
 - ◆ Increase the Cal Grant B access costs from \$1,548 to \$1,551; and
 - ◆ Provide funding for the ongoing costs of the existing Cal Grant Award Programs.
- **Loan Assumption Benefits.** The budget expands the Assumption Program of Loans for Education (APLE) by providing \$7.9 million in General Fund support to:
 - ◆ Provide loan assumption benefits to the increased number of new participants;
 - ◆ Assist in the recruitment and retention of future teachers;
 - ◆ Place teachers in designated shortage areas in California public schools; and
 - ◆ Provide loan debt assistance for first year teachers who fill positions where California needs them the most.
 - **Administration and Outreach Programs.** The budget provides \$1.8 million in General Fund support for 21.5 positions associated with administering the Cal Grant Entitlement and Competitive Award Programs and the Community College Student Financial Aid Outreach Program.
 - **Feasibility Study Report.** The budget provides \$4.5 million in General Fund support for 13.5 positions to continue implementation of the Feasibility Study Report to significantly rewrite the Commission's Grant Delivery System to accommodate the improved Cal Grant Entitlement and Competitive Grant Award Programs.