

*Senate Budget and Fiscal Review—Scott Wiener, Chair*

# SUBCOMMITTEE NO. 1

# Agenda

**Senator John Laird, Chair**  
**Senator Dave Cortese**  
**Senator Scott Wilk**



**Thursday, May 30, 2024**  
**9:30 a.m. or upon adjournment of Session - 1021 O Street, Room 2100**

**Part B- Higher Education**  
Consultant: Christopher Francis, Ph.D.

## **OUTCOMES**

### **Staff Recommendations Adopted as follows:**

- *Vote Count 3-0 for Issues 2-10, 12, 14-17, 19-20, 22-24, 28, 31-32, 34-35, 38-40, 42-44, 46-47, 49-50*
- *Vote Count 2-1 for Issues 1, 11, 13, 18, 21, 25-27, 29-30, 33, 36-37, 45, 48*
- *Vote Count 2-0 with 1 not voting for Issue 41*

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**Vote-Only Calendar**

**6440 UNIVERSITY OF CALIFORNIA (UC)**  
**6610 CALIFORNIA STATE UNIVERSITY (CSU)**  
**6870 CALIFORNIA COMMUNITY COLLEGES (CCC)**

**Issues 1-2: Student Housing Proposals**

<u>Issue</u>	<u>Origin</u>	<u>Description</u>	<u>Staff Recommendation</u>
1.	January Governor’s Budget	<b>California Student Housing Revolving Loan Fund.</b> The budget proposes suspending funding for the program. This action would pull \$300 million General Fund in annual support between 2024-25 and 2028-29 fiscal years and revert \$199.7 million General Fund in 2023-24.	Approve as budgeted without prejudice to pending legislation that would enable the program to be funded through internal borrowing.
2.	January Governor’s Budget with May Revision modification	<b>Higher Education Student Housing Grant Program.</b> The Budget Act of 2023 included \$61.5 million non-Proposition 98 General Fund in 2023-24 to debt finance 16 CCC student housing projects. The Governor’s January budget also proposed using \$50.6 million General Fund of the \$61.5 million provided in 2023-24 for lease revenue bond debt service for the CCC projects to support one-time payments to three districts for housing projects that are not appropriate for bond funds. The three projects are Santa Rosa City College (\$15 million), Napa Valley College (\$31 million) and Imperial Valley College (\$4.6 million).  The May Revision includes the Administration’s trailer bill language, for an affordable student housing lease revenue bond for the 13 remaining projects.	Approve using \$50.6 million General Fund of the \$61.5 million provided in 2023-24 to support one-time payments to three districts for housing projects that are not appropriate for bond funds.  Adopt placeholder trailer bill language for an affordable student housing lease revenue bond for the 13 remaining projects and to address issues related to the UC Santa Cruz- Cabrillo College project.

**Staff Comment:** Subcommittee No.1 on Education heard Student Housing issues on March 14, 2024, April 25, 2024, and May 16, 2024.

**6120 CALIFORNIA STATE LIBRARY**

**Issues 3-9: Various State Library Proposals**

<u>Issue</u>	<u>Origin</u>	<u>Description</u>	<u>Staff Recommendation</u>
3.	May Revision	<b>Reducing Previous Local Library Infrastructure Appropriations.</b> The May Revision proposes to pull back \$4.4 million one-time General Fund of the \$439 million General Fund provided in the Budget Act of 2021.	Adopt May Revision
4.	January Governor’s Budget	<b>Reducing Future Support for Local Library Infrastructure.</b> The Governor’s budget foregoes \$100 million spread across the 2024-25 to 2026-27 fiscal years that would have supported local library infrastructure projects.	Approve as budgeted
5.	January Governor’s Budget	<b>Tribal and Rural Libraries Library Programs Consultant.</b> The Governor’s budget includes permanent position authority for one Library Programs Consultant in fiscal year 2024-25 and ongoing to provide Library services to Tribal and Rural Libraries. The position will be paid for with federal funds provided annually to the State Library by the Institute of Museum and Library Services.	Approve this proposal
6.	May Revision	<b>Ongoing Reductions to State Library State Operations.</b> The May Revision includes an across-the-board reduction to state operations by approximately 7.95 percent beginning in 2024-25 to nearly all department budgets. This reduction includes personnel, operating costs, and contracting. The Department of Finance indicates that it will work with agencies and departments in the Fall on these reductions.	Adopt May Revision
7.	May Revision	<b>Dolly Parton Imagination Library Reduction.</b> The 2022 Budget Act appropriated \$68.2 million General Fund in 2022-23 for the Dolly Parton Imagination Library program. The May Revision reduces this support by \$40 million General Fund one-time, leaving \$28.2 million in support.	Reject this proposal
8.	May Revision	<b>Eliminate Support for Lunch at the Library.</b> The 2022 Budget Act included \$5 million General Fund in 2022-23 and ongoing base line augmentation to support the Lunch at the Library program, with	Reduce support by \$2.5 million ongoing and maintain \$3

		reporting language. The May Revision reduces this support by \$5.5 million General Fund ongoing, eliminating state support for this program.	million ongoing for the program
9.	May Revision	<b>California Library Services Act Support Adjustment.</b> The May Revision reduces support by \$1.8 million General Fund ongoing. The 2021 Budget Act previously included \$1.8 million General Fund ongoing for this program.	Adopt May Revision

**Staff Comment:** Subcommittee No.1 on Education heard issues related to the State Library on March 7, 2024 and May 16, 2024.

**6440 UNIVERSITY OF CALIFORNIA (UC)**

**Issues 10-17: Various UC Proposals**

<u>Issue</u>	<u>Origin</u>	<u>Description</u>	<u>Staff Recommendation</u>
10.	May Revision	<b>UC Base Budget for 2024-25 and 2025-26.</b> The May Revision includes a \$125 million one-time unallocated base budget reduction in 2024-25. The May Revision includes a 7.95 percent reduction applied to UC’s base budget beginning in 2025-26. This reduction would be restored if the 2025-26 revenues are higher than expected. Between this proposal and the early action agreement detailed below, UC would receive a two percent ongoing state funding increase in 2025-26 instead of 10 percent.	Approve the following:  May Revision proposal to make a \$125 million one-time unallocated base budget reduction in 2024-25 to UC  Provide UC a 5% ongoing compact investment and non-resident revenue replacement funding in 2024-25 and ongoing instead of a one-time deferral.

			Defer the 2025-26 5% base budget increase planned for UC. Adopt provisional budget bill language
11.	Legislature	<b>Campus Climate Action Plan.</b> Subcommittee No. 1 on March 14, 2024 included a discussion regarding campus climate issues at UC and CSU. The Legislature’s plan includes provisional budget bill language that requires each campus of UC to prepare a campus climate action plan by Oct. 1, 2024.	Adopt provisional budget bill language
12.	January Governor’s Budget	<b>Medical School Project at UC Merced.</b> Consistent with a Budget Act of 2019 agreement, the budget includes an increase of \$14.5 million General Fund in 2024-25 and ongoing to support a Medical School Project at UC Merced.	Approve as budgeted
13.	May Revision	<b>UC Labor Centers and Occupational Safety and Health Programs Reduction.</b> The May Revision makes a \$13 million ongoing reduction for the UC labor centers. Previously, the 2022 Budget Act included \$13 million General Fund in 2022-23 and ongoing to support the operations of existing UC Labor Centers and Occupational Safety and Health Programs, and invest in similar new initiatives throughout the UC system.	Reject this proposal
14.	May Revision	<b>Graduate Medical Education Reduction.</b> The Governor’s January budget included an increase of \$2.6 million General Fund ongoing and \$240,000 General Fund one-time to offset the Proposition 56 revenue offset amount for a statewide grant program and maintain \$40 million ongoing for graduate medical residency slots. The May Revision makes a \$13.5 million General Fund ongoing reduction.	Adopt May Revision
15.	May Revision	<b>Unseen Latinas Initiative Reduction.</b> The 2022 Budget Act appropriated \$15 million General Fund in 2022-23 to support the Unseen Latinas Initiative at the UCLA Latino Policy and Politics Institute. The May Revision proposes a \$13.7 million reduction to this initiative.	Reject this proposal
16.	May Revision	<b>UC Davis Equine Performance and Rehabilitation Center Reduction.</b> The 2023 Budget Act appropriated \$5 million General Fund in 2023-24 to support this initiative. The May Revision proposes a \$5 million reduction to this initiative.	Reject this proposal

17.	May Revision	<b>UC Equal Opportunity Practices and Professional Development One-Time Fund Reduction.</b> The May Revision includes a one-time \$5 million reduction. The Budget Act of 2021 appropriated \$5 million one-time General Fund to support culturally competent faculty professional development and included language allowing funding also to be used to support equal employment opportunity practices.	Approve May Revision

**Staff Comment:** Subcommittee No.1 on Education heard issues related to UC on March 7, 2024, March 14, 2024 and May 16, 2024.

**6600 UC COLLEGE OF THE LAW, SAN FRANCISCO (CLSF)**

**Issues 18-19: Various CLSF Proposals**

<u>Issue</u>	<u>Origin</u>	<u>Description</u>	<u>Staff Recommendation</u>
18.	January Governor’s Budget	<b>Base Adjustment.</b> The Governor’s budget proposes an increase of \$2.2 million General Fund ongoing to support operating costs. This represents a three percent increase base augmentation.	Approve as budgeted
19.	May Revision	<b>Ongoing Reductions to CLSF State Operations.</b> The May Revision includes an across-the-board reduction to state operations by approximately 7.95 percent beginning in 2024-25 to nearly all department budgets. This reduction includes personnel, operating costs, and contracting. The Department of Finance indicates that it will work with agencies and departments in the Fall on these reductions. Unlike the departments identified for that proposal, the reductions for the UC College of the Law, San Francisco begin in 2025-26 with a projected \$2.2 million ongoing reduction.	Adopt May Revision and provisional budget bill language.

**Staff Comment:** Subcommittee No.1 on Education heard CLSF issues on March 7, 2024 and May 16, 2024.

**6610 CALIFORNIA STATE UNIVERSITY (CSU)**

**Issues 20-22: Various CSU Proposals**

<u>Issue</u>	<u>Origin</u>	<u>Description</u>	<u>Staff Recommendation</u>
20.	May Revision	<b>CSU Base Budget for 2024-25 and 2025-26.</b> The May Revision includes a \$75 million one-time unallocated base budget reduction in 2024-25. The May Revision includes a 7.95 percent reduction applied to CSU’s base budget beginning in 2025-26. This reduction would be restored if the 2025-26 revenues are higher than expected. Between this proposal and the early action agreement detailed below, CSU would receive a two percent ongoing state funding increase in 2025-26 instead of 10 percent.	<p>Approve the following:</p> <p>May Revision proposal to make a \$75 million one-time unallocated base budget reduction in 2024-25 to CSU.</p> <p>Provide CSU a 5% ongoing compact investment in 2024-25 and ongoing instead of a one-time deferral.</p> <p>Defer the 2025-26 5% base budget increase planned for CSU.</p> <p>Adopt provisional budget bill language</p>
21.	Legislature	<b>Campus Climate Action Plan.</b> Subcommittee No. 1 on March 14, 2024 included a discussion regarding campus climate issues at UC and CSU. The Legislature’s plan includes provisional budget bill language that requires each campus of CSU to prepare a campus climate action plan by Oct. 1, 2024.	Adopt provisional budget bill language
22.	May Revision	<b>Augmentation to Support Expanded University Fee Waiver Costs.</b> The May Revision includes \$5.5 million General Fund on an ongoing basis to support the estimated costs of the recently enacted AB 1745 (Soria) Chapter 695, Statutes of	Approve May Revision



		2023. AB 1745 expanded fee waiver for Medal of Honor recipients, children of Medal of Honor recipients, or dependents of service-injured veterans attending the CSU.	
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**Staff Comment:** Subcommittee No.1 on Education heard issues related to CSU on March 7, 2024, March 14, 2024, and May 16, 2024.

**6870 CALIFORNIA COMMUNITY COLLEGES (CCC)**

**Issues 23-41: Various CCC Proposals**

<u>Issue</u>	<u>Origin</u>	<u>Description</u>	<u>Staff Recommendation</u>
23.	Legislature	<b>Student Centered Funding Formula (SCFF) Supplemental Reporting Language (SRL).</b> In the Subcommittee No. 1 April 25, 2024 hearing and previous years' CCC hearings covered the various issues associated with SCFF. These issues include the impact of the new funding floor based on districts' hold harmless level at the end of 2024-25 to address concerns that districts will experience fiscal declines when the current provision expires at the end of 2024-25, the summer loophole issue, Emergency Conditions Allowance provisions, and other modifications to the formula. The Legislature's plan directs the Chancellor's Office to report to the Legislature on these issues to help inform policy considerations.	Adopt SRL
24.	May Revision	<b>Local Property Tax Adjustment.</b> The May Revision includes a decrease of \$68.7 million ongoing Proposition 98 General Fund as a result of increased offsetting local property tax revenues.	Conform to the legislative Proposition 98 package.
25.	May Revision	<b>Public School System Stabilization Account Withdrawals to Fund Student Centered Funding Formula (SCFF) Needs.</b> The Governor's January budget initially a withdrawal of \$235.9 million, scored to 2023-24 and \$486.2 million scored to 2024-25 to support SCFF resource needs. The May Revision now proposes a withdrawal of \$532.5 million, scored to 2023-24 and \$381.6 million scored to 2024-25 to support SCFF resource needs.	Conform to the legislative Proposition 98 package, which includes additional revenues under the Legislative budget.

			<p>The legislative budget will leave a balance in the Proposition 98 Reserve after 2024-25.</p> <p><b>Staff Comment.</b> Refer to the PreK-12 actions for additional details on the legislative Proposition 98 package.</p>
26.	January Governor’s Budget	<b>Nursing Program Support at CCC.</b> The budget proposes \$60 million Proposition 98 General Fund one-time, to expand nursing programs and Bachelor of Science in Nursing to grow, educate, and maintain the next generation of registered nurses through the community college system.	Approve \$60 million support for this initiative from the 2024-25 Strong Workforce Program appropriation and adopt placeholder trailer bill language.
27.	Legislature	<b>Financial Aid Offices.</b> The Legislature’s plan includes \$20 million one-time to assist community college financial aid offices with unexpected workload and circumstances due to FAFSA delays and to help support students who are still trying to complete the FAFSA.	Approve this proposal
28.	May Revision	<b>Local Assistance, Hold Harmless for Student-Centered Funding Formula.</b> The May revision includes an adjustment request for Schedule (1) of Item 6870-101-0001 so that it is decreased by \$188,842,000 Proposition 98 General Fund. This adjustment to reflect a revised estimate of hold harmless funding for districts under the Student-Centered Funding Formula.	Approve May Revision
29.	May Revision	<b>CCC Apportionments Cost-Of-Living Adjustment (COLA).</b> The May Revision includes an increase of \$100 million Proposition 98 General Fund in 2024-25 and ongoing to provide a 1.07-percent COLA for Student Centered Funding Formula apportionments.	Approve May Revision COLA

30.	May Revision	<b>Categorical Program COLA.</b> The May Revision includes an increase of \$12.8 million Proposition 98 General Fund in 2024-25 and ongoing to provide a 1.07 percent cost-of-living adjustment to the Adult Education Program, apprenticeship programs, CalWORKs student services, campus childcare support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and the mandates block grant.	Approve May Revision COLA
31.	May Revision	<b>Enrollment.</b> The May Revision includes \$28.1 million Proposition 98 General Fund ongoing to support 0.5-percent enrollment. This equates to about 5,400 additional FTE students. The Governor’s budget previously included \$29.6 million Proposition 98 General Fund ongoing to support 0.5-percent enrollment.	Approve May Revision
32.	May Revision	<b>Ongoing Reductions to CCC Chancellor’s Office State Operations.</b> The May Revision includes an across-the-board reduction to state operations by approximately 7.95 percent beginning in 2024-25 to nearly all department budgets. This reduction includes personnel, operating costs, and contracting. The Department of Finance indicates that it will work with agencies and departments in the Fall on these reductions.	Approve May Revision
33.	May Revision	<b>Local Assistance, Reappropriation (Student Centered Funding Formula).</b> The May Revision includes a reappropriation item 6870-488 to provide \$227,900,000 one-time Proposition 98 General Fund to support the Student-Centered Funding Formula in 2023-24.	Approve May Revision
34.	May Revision	<b>Local Assistance, Reappropriation (e-Transcript California).</b> The May Revision includes a reappropriation item 6870-488 to provide \$12 million one-time Proposition 98 General Fund to support the continued development of e-Transcript California.	Reject without prejudice; instead reappropriate \$12 million originally for this proposal to support the Student-Centered Funding Formula in 2023-24.

35.	May Revision	<b>Local Assistance, Reappropriation (Common Cloud Data Platform).</b> The May Revision includes a reappropriation item 6870-488 to provide \$12 million one-time Proposition 98 General Fund to support a common cloud data platform demonstration project.	Reject without prejudice; instead reappropriate \$12 million originally for this proposal to support the Student-Centered Funding Formula in 2023-24.
36.	May Revision	<b>Local Assistance, Reappropriation (Education Pathways for low-income workers).</b> The May Revision includes a reappropriation item 6870-488 to provide \$5 million to support a pathways for low-income workers demonstration project.	Approve support for this program with \$5 million one-time funding from the 2024-25 Strong Workforce Program appropriation; reappropriate \$5 million originally for this proposal to support the Student-Centered Funding Formula in 2023-24.
37.	May Revision	<b>Local Assistance, Reappropriation (Mapping Articulated Pathways).</b> The May Revision includes a reappropriation item 6870-488 to provide \$6 million to support mapping articulated pathways for credit for prior learning,	Approve May Revision
38.	May Revision	<b>Local Assistance, Student Financial Aid Administration and Board Financial Assistance Program Funding.</b> The May Revision includes an adjustment request for Schedule (5) of Item 6870-101-0001 so that it is increased by \$396,000 Proposition 98 General Fund to reflect an increase of \$197,000 for the Student Financial Aid Administration Program and an increase of \$199,000 for the Board Financial Assistance Program. These adjustments reflect revised estimates of the number of units with fees waived and the dollar amount of fees waived, respectively.	Approve May Revision

39.	May Revision	<b>Local Assistance, Equal Employment Opportunity Program.</b> The May revision includes a budget item related to this program that reflects a \$1.1 million Employment Opportunity Fund increase to promote equal employment opportunities in hiring and promotion at community college districts.	Approve May Revision
40.	Legislature	<b>Part-Time Faculty Office Hours Reimbursement.</b> The Legislature’s plan includes trailer bill language that increases the reimbursement for districts from 50 percent to 100 percent to encourage increased usage of the program by districts, provide office hours, and incentivize spending of funds that are underutilized. The language would require the allocation to any district in a fiscal year to not exceed 100 percent of the total costs of the compensation paid for those office hours.	Approve this proposal.
41.	Legislature	<b>Related and Supplemental Instruction Reimbursement (RSI) Program Backfill.</b> The RSI Hourly Reimbursement program utilizes Proposition 98 funding to reimburse apprenticeship programs for the hours of RSI they provide to apprentices. It is one of multiple options for apprenticeship programs to receive reimbursement for RSI provided. The Legislature’s plan includes \$3,584,792 one-time Proposition 98 General Fund to backfill a shortfall in unfunded RSI hours from 2021-22 and 2022-23 for firefighter apprenticeship hours.	Approve this proposal.

**Staff Comment:** Subcommittee No.1 on Education heard issues related to CCC on March 7, 2024, April 25, 2024, and May 16, 2024.

**6980 CALIFORNIA STUDENT AID COMMISSION**

**Issues 42-50: Various Student Aid Commission Proposals**

<u>Issue</u>	<u>Origin</u>	<u>Description</u>	<u>Staff Recommendation</u>
42.	January Governor’s Budget with May Revise modification	<b>Middle Class Scholarship (MCS) Reductions.</b> Under last year’s budget agreement, the state would have provided a total of \$926 million General Fund (consisting of \$637 million General Fund ongoing and \$289 million General Fund one-time) for the program in 2024-25. The Governor’s budget proposes to forego the MCS planned appropriation of \$289 million in 2024-25. The May Revision reduces funding further by \$510 million General Fund in 2024-25 and ongoing. Combined with a technical adjustment, \$100 million General Fund ongoing would remain for the program.	Reject this proposal.  Maintain current funding through 2025-26 by including \$289 million General Fund in 2025-26.
43.	May Revision	<b>MCS Deadline Extension for Returning/Continuing Students.</b> The May Revision includes trailer bill language that provides returning/continuing students with additional time to submit a Free Application for Federal Student Aid and receive a MCS award for the 2024-25 award year. The deadline would be extended from May 2, 2024 to July 1, 2024 to renew their awards for the 2024-25 award year only.	Approve as proposed
44.	May Revision	<b>Cal Grant Program Caseload Adjustments.</b> The May Revision reflects updated Cal Grant expenditures based on the latest 2024-25 estimates of enrollment of Cal Grant-eligible students. The May Revision reflects an ongoing \$60.7 million decrease and, compared to the Governor’s Budget, there are reduced costs for the program of \$60.5 million one-time in 2023-24.	Approve May Revision
45.	Legislature	<b>Cal Grant Reform.</b> The 2022 Budget Act included a trigger that anticipated certain programs expenditures would be included in the 2024 Budget Act if General Fund resources reflected in the 2024 May Revision could support ongoing increases over the multiyear forecast. Due to the projected multiyear negative projections, the Cal Grant Reform Act changes are not included in the May Revision.	Approve phase-in of Cal Grant Reform beginning in the 2024-25 application cycle.  Approves placeholder trailer bill language that would continue the grade point average requirement for community college students, a phase-in of awards for

			Students with Dependent Children, and legislative intent to use 2024-25 Cal Grant caseload savings to support 2025-26 costs.
46.	May Revision	<b>Ongoing Reductions to Student Aid Commission State Operations.</b> The May Revision includes an across-the-board reduction to state operations by approximately 7.95 percent beginning in 2024-25 to nearly all department budgets. This reduction includes personnel, operating costs, and contracting. The Department of Finance indicates that it will work with agencies and departments in the Fall on these reductions.	Approve May Revision
47.	May Revision	<b>Learning Aligned Employment Program.</b> The May Revision reduces funding for this program by \$485 million General Fund one-time, reflecting the balance of unspent funds.	Approve May Revision
48.	May Revision	<b>Golden State Teacher Grant Program.</b> The May Revision proposes the following changes to the program: <ul style="list-style-type: none"> <li>○ Reduces support by \$60.2 million General Fund one-time. Combined with a technical adjustment, \$50 million one-time support would remain.</li> <li>○ Includes trailer bill language that would adjust award amounts and other criteria if the May Revision reduction is adopted.</li> <li>○ Includes provisional budget bill language to enable the Commission to receive one-time Federal Title II, Part A funds from the California Department of Education to support the Golden State Teacher Grant Program. These resources would supplement the current General Fund amount appropriated to support this program.</li> </ul>	Reject proposed reductions and associated trailer bill language to adjust award amounts and other criteria. Conform state operations and federal fund proposals to PreK-12 actions.

		<ul style="list-style-type: none"> <li>○ Includes provisional budget bill language for a \$500,000 reimbursement increase to enable the Commission to receive one-time Individuals with Disabilities Act funds from the California Department of Education to support the Golden State Teacher Grant Program. These resources would supplement the current General Fund amount appropriated to support this program.</li> <li>○ A one-time \$6 million federal reimbursements reduction to reflect a technical correction in support for the program in 2024-25.</li> </ul>	
49.	Governor’s Budget	<b>Cohort Default Rate Trailer Bill Language.</b> The Governor’s budget included trailer bill language that requires the California Student Aid Commission to use the three-year cohort default rate certified in 2020 to determine whether an institution is eligible to participate in the Cal Grant program in the 2023-24 award year. Institutions would be required to have a cohort default rate below 15.5 percent to participate in the Cal Grant program.	Approve as proposed
50.	Governor’s Budget	<b>Remove Statute to Establish an Auxiliary Organization and Associated Reporting Language.</b> The Governor’s budget included trailer bill language that removes the Student Aid Commission authority to establish an auxiliary organization for the purpose of providing operational and administrative services for the participation by the commission in the Federal Family Education Loan Program, or for other activities approved by the commission and determined by the commission to meet specified requirements. This authority was no longer deemed necessary.	Approve as proposed.

**Staff Comment:** Subcommittee No.1 on Education heard issues related to the CA Student Aid Commission on March 7, 2024 and May 16, 2024.