

SUBCOMMITTEE NO. 1

Agenda

Senator Richard D. Roth, Chair
Senator Connie M. Leyva
Senator Mike Morrell



Thursday, April 4, 2019
9:30 a.m. or upon adjournment of session
State Capitol - Room 3191

Consultant: Anita Lee

Items for Discussion

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Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

6610 CALIFORNIA STATE UNIVERSITY

The California State University (CSU) is comprised of 23 campuses. All campuses offer undergraduate and graduate instruction for professional and occupational goals and liberal education programs. For undergraduate programs, each campus requires a basic program of general education regardless of the major selected by the student. In addition to master's-level graduate programs, the CSU offers doctoral-level programs in education, nursing practice, physical therapy, and audiology. The CSU also offers some doctoral degrees jointly with the University of California and with private institutions.

The university is governed by the Board of Trustees, which includes the following 25 members: five ex officio members, 16 members appointed by the Governor to eight-year terms, three members appointed by the Governor to two-year terms (two student representatives, one voting and one non-voting, and one faculty representative), and one alumni representative appointed to a two-year term by the CSU Alumni Council. The Trustees appoint the Chancellor and the campus presidents. The Trustees, the Chancellor, and the presidents develop systemwide policy. The systemwide Academic Senate, made up of elected faculty representatives from the campuses, recommends academic policy to the Board of Trustees through the Chancellor.

The CSU's goals include:

- Offering degree programs in academic and applied areas that are responsive to the needs of citizens of this state and providing for regular review of the nature and extent of these programs.
- Providing public services to the people of California.
- Providing services to students enrolled in the university.
- Offering instruction at the doctoral level jointly with the University of California and with private institutions of postsecondary education, or independently in the fields of education, nursing practice, physical therapy, and audiology.

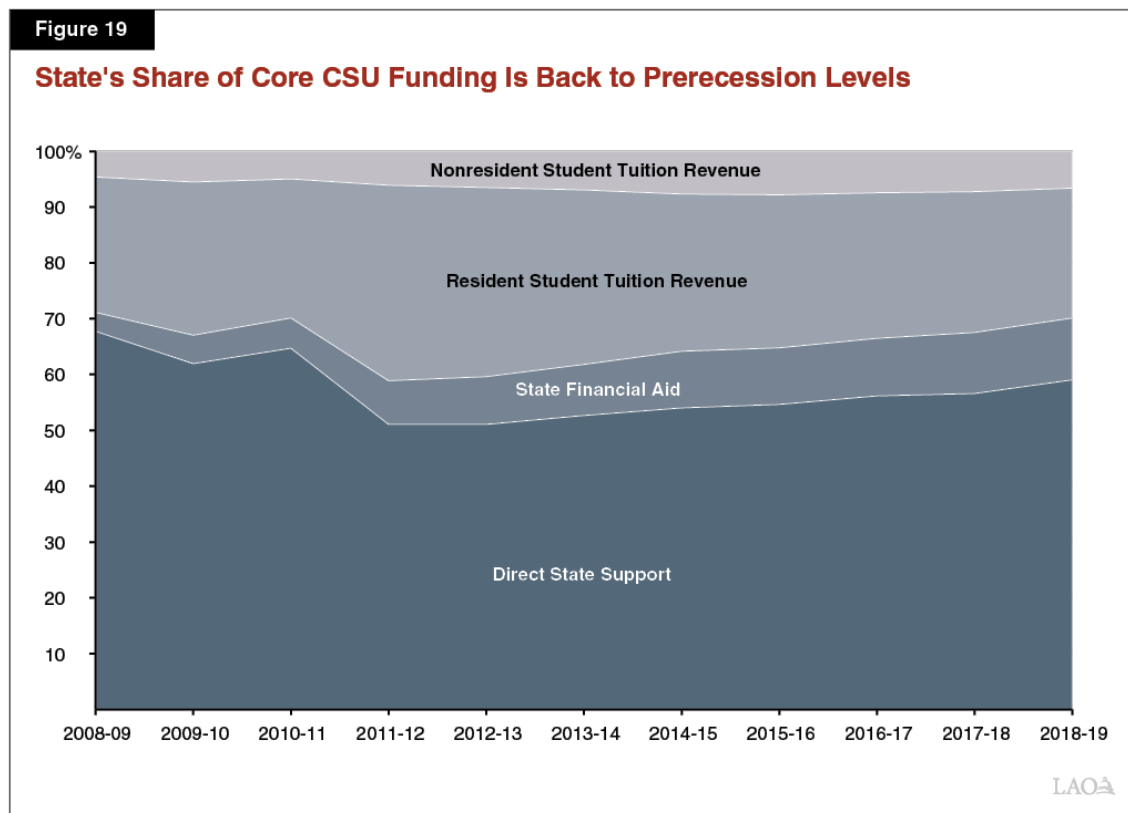
Issue 1: Budget Operations

Panel

- Rebecca Kirk, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, California State University

Background

In 2018-19, CSU is receiving a total of \$10.9 billion in funding from all sources. Two-thirds (\$7.4 billion) comes from core funds—a combination of state General Fund, student tuition and fees, and other state funds (primarily lottery funds). The remaining one third (\$3.5 billion) comes from federal funds and other CSU funds (which includes revenue from various campus enterprises such as parking facilities and student dormitories). The LAO chart below provides a breakdown of the state share of core CSU funds.



For full-time resident undergraduate students, CSU currently charges \$5,742 per year for tuition. More than 60 percent of resident undergraduate students receive financial aid to cover tuition. CSU generates approximately \$3.2 billion from tuition and fees. Nonresident students attending CSU pay the base tuition amount charged to resident students as well as a supplemental tuition charge. Nonresident undergraduate students attending full-time currently pay an additional \$11,880 supplemental charge. For 2018-19, the LAO estimates that CSU is generating \$412 million revenue from the tuition and supplemental fee that nonresident students pay.

Compensation Is the Largest Component of CSU's Core Budget. Like other state agencies, salaries and benefits make up a significant share of CSU's core budget (about 75 percent). CSU has more than 50,000 permanent employees. About 90 percent of these employees (primarily consisting of faculty and support staff) are represented, while the remaining 10 percent of employees (primarily consisting of managers and supervisors) are non-represented. Throughout the year, CSU also employs more than 15,000 student assistants and other temporary staff. These groups are not part of a bargaining unit. State law gives the Board of Trustees authority to negotiate collective bargaining agreements. The Chancellor's Office represents the Trustees during these negotiations and the resulting agreements must be ratified by the Trustees before going into effect.

CSU Participates in CalPERS, Is Directly Responsible for a Share of Its Pension Costs. CalPERS administers pension benefits for CSU and most other state employees. Employer contributions to CalPERS are set by the CalPERS board. Historically, the state directly funded all of CSU's employer costs in the annual budget. Several years ago, the state modified its approach to covering CSU pension cost where any new pension costs incurred beyond the 2013-14 payroll level are CSU's direct responsibility.

CalPERS Also Administers CSU's Health Plans. Statute sets a default contribution level whereby CSU pays 100 percent of the average premium cost for employees and 90 percent of the average additional premium costs for dependents (known as the "100/90" formula). Though the 100/90 formula is a default, statute permits CSU to collectively bargain a different formula for employees. (In practice, the 100/90 formula applies to nearly all CSU employees.) Each year when the average premium cost increases, CSU must cover the associated cost for its active employees. The state directly covers the associated cost for retired CSU employees.

Virtually All Represented Employees Currently Under Contract Through 2019-20. The CSU system has 13 represented employee groups. The largest group is the California Faculty Association (CFA), which represents more than 25,000 CSU faculty, librarians, counselors, and coaches. In November 2017, the Trustees ratified a contract with CFA that provides a 3.5 percent general salary increase in November 2018, followed by a 2.5 percent increase in July 2019. In January 2017, the Trustees ratified an agreement with CSU's second largest group (CSU Employees Union), which represents more than 15,000 employees across four bargaining units. Under the agreement, represented employees receive a three percent salary increase retroactive to 2017-18 and three percent increases in both 2018-19 and 2019-20. Of the remaining eight bargaining units (which collectively represent less than one-quarter of CSU employees), seven have approved contracts in place through the end of 2019-20. CSU's approximately 300 member police association currently is the only bargaining unit with an open contract for 2019-20.

2018-19 Budget. The 2018-19 budget provided CSU with \$122 million General Fund ongoing (this was CSU's full budget request) for an unrestricted augmentation, which CSU intends to use primarily for implementing collective bargaining agreements ratified by the Board of Trustees in 2018-19 and covering other employee related cost increases, including higher health premiums for active employees. In addition to this unrestricted base increase, the budget provided \$118 million in ongoing funding for various other costs, including providing additional instruction and support services as part of the Graduation Initiative (\$75 million) and covering higher pension costs (\$22.5 million) and retiree health care costs (\$20.3 million).

Salary Costs for Represented and Non-represented Employees to Increase by \$148 Million in 2019-20. CSU's contract obligations for salary increases totaled \$122 million in 2018-19. The state

effectively covered this cost by providing an unrestricted base augmentation of a like amount in the *2018-19 Budget Act*. CSU estimates that these continuing bargaining agreements, coupled with a planned three percent salary increase for non-represented employees, will total \$148 million in additional costs in 2019-20. Of the \$148 million, \$29 million is to cover CFA's contract, \$30 million for CSUEU's contract, \$13 million to cover the 11 other bargaining units, and \$23 million for non-represented staff.

CSU Has Identified Four Other Operational Cost Pressures. In addition to new salary costs in 2019-20, CSU has identified an additional \$45 million other ongoing mandatory costs:

- Retirement - \$26 million attributed to retirement costs above CSU's 2013-14 pensionable payroll level. Of this amount, \$14 million is associated with 2019-20, \$5 million with 2018-19, and \$7 million with 2017-18. Though CSU redirected funds on a short-term basis to cover the prior year amounts, it would like an ongoing increase to cover the costs moving forward.
- Health Benefits - \$7.3 million resulting from a 1.3 percent increase in CalPERS negotiated employer health care premium costs.
- Minimum Wage Increases - \$6.8 million resulting from an increase in the state minimum wage from \$11 to \$12 per hour beginning January 2019.
- Facilities - CSU is scheduled to open about 400,000 square feet of new facility space in 2019-20. CSU estimates that it will incur \$4.7 million in costs associated with operations in this new space in the budget year.

Governor's Budget Proposal

Governor Proposes No Tuition Increase, With State Covering Proposed Cost Increases. The Governor expects CSU not to increase resident tuition in 2019-20. The Governor proposes to retain budget provisional language that effectively triggers a reduction in General Fund support if the Board of Trustees adopts a tuition increase for the coming academic year. The language ties the General Fund reduction to the additional Cal Grant and Middle Class Scholarship costs associated with the tuition increase. At the January Board of Trustees meeting, Chancellor White announced that tuition will remain flat in 2019-20.

Proposes \$193 Million Ongoing for Compensation and Other Operational Costs. According to the Administration, this amount is intended to cover CSU's \$148 million in higher salary costs and \$45 million in mandatory costs. However, budget bill language does not specify a breakdown of funds, instead it states, "\$193 million is provided to support operational costs."

Provides \$64 Million Ongoing for Some Pension Costs and Retiree Health Care Costs. Due to higher CalPERS determined employer contribution rates for 2019-20, the budget provides CSU a \$44 million adjustment. This amount is based on CSU's 2013-14 payroll level, per current policy. In addition, the budget provides a \$20 million adjustment to cover higher health benefit costs for CSU retirees. This adjustment is due to an anticipated increase in the number of retirees in the budget year as well as higher premium costs.

Ongoing Core Funding for CSU Increases Under Governor's Budget
(Dollars in Millions Except Funding Per Student)

	2017-18 Actual	2018-19 Revised	2019-20 Proposed	Change From 2018-19	
				Amount	Percent
State General Fund	\$3,713	\$3,959	\$4,324 ^a	\$364	9.2%
Tuition and Fees ^b	3,275	3,251	3,290	39	1.2
Other State Funds ^c	57	44	44	—	—
Totals	\$7,046	\$7,254	\$7,657	\$404	5.6%
FTE students^d	410,060	407,867	415,133	7,266	1.8%
Funding per student	\$17,182	\$17,784	\$18,445	\$661	3.7%

^aIn addition, Governor's budget includes \$7 million ongoing General Fund to the Department of Social Services for provision of legal services to undocumented students and immigrants at CSU campuses.

^bIncludes funds that CSU uses to provide tuition discounts and waivers to certain students. In 2019-20, CSU plans to provide \$701 million in such aid.

^cIncludes lottery funds and \$2 million ongoing from the State Transportation Fund for transportation research.

^dOne FTE represents 30 credit units for an undergraduate and 24 credit units for a graduate student. Includes resident and nonresident students.

FTE = full-time equivalent.

Legislative Analyst's Office Comments

Recent Bargaining Agreements Generally Have Been More Favorable to CSU Employees Than Other State Employees. Most state agreements now require employees to pay a larger share of their pension and retiree health care costs. In contrast, CSU agreements have not been requiring these higher employee contributions. As a result, the roughly three percent annual salary increases that have been granted the past few years to CSU and other state workers are stretching farther for CSU workers.

Expectations on Future CSU Contracts. At a minimum, the Legislature has an opportunity to signal to the Chancellor's Office what it thinks is reasonable to fund in bargaining contracts for 2020-21. The Legislature could signal its expectation that CSU salary increases be aligned with inflation. Prior to negotiations, the Legislature also could encourage the Chancellor's Office to commission an analysis comparing CSU faculty and staff compensation levels with peer institutions. Such an analysis could include an examination of employee retention rates and the extent to which campuses report having sufficient candidate pools for open positions. Considerations such as these could assist CSU and the Legislature in negotiating and funding new agreements.

Increase the State's Reserves. The Governor's proposed reserve level for 2019-20 will likely be enough for the state to cover a budget problem associated with a mild recession. In this scenario, the Legislature likely would not need to reduce university spending and CSU likely would not need to initiate steep tuition increases. The proposed reserve level, however, likely would be insufficient to weather a longer, moderate-sized recession. The Legislature could increase reserve levels in 2019-20. One way to build more reserves would be to have non-financially needy CSU students bear a portion of any cost increases in the budget year. This would free up some General Fund money that could be redirected to higher reserves.

Staff Recommendation. Hold Open

Issue 2: Enrollment Growth

Panel

- Rebecca Kirk, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, California State University
- Dr. April Grommo, California State University, Director of Enrollment Management Services

Background

Under the state's 1960 *Master Plan for Higher Education*, community college students who complete their lower division work with a minimum 2.0 grade point average (GPA) are eligible to attend CSU as upper division undergraduate students. The Master Plan limits freshman admission to CSU to the top one-third of high school graduates. To draw from the top 33 percent, CSU has historically structured its admission policies to require high school students to (1) complete a specified set of college preparatory coursework, and (2) attain a certain mix of high school GPA and standardized aptitude test scores (historically SAT or ACT scores).

Impacted Campuses and Programs. While CSU has minimum systemwide eligibility requirements for transfer and freshman applicants, some "impacted" campuses and programs (those with more student demand than available slots) adopt stricter admissions criteria. Currently, six campuses (Cal Poly San Luis Obispo, Fresno State, CSU Fullerton, CSU Long Beach, San Diego State University, and San José State) are fully impacted—having higher admissions criteria for all their programs. In this case, the campus has established a local admission area for first-time freshmen and/or upper-division transfer students. This means that applications from students from outside the designated local area will be held to higher admission requirements than those received from students inside the local area. Most campuses have at least one impacted program, often nursing.

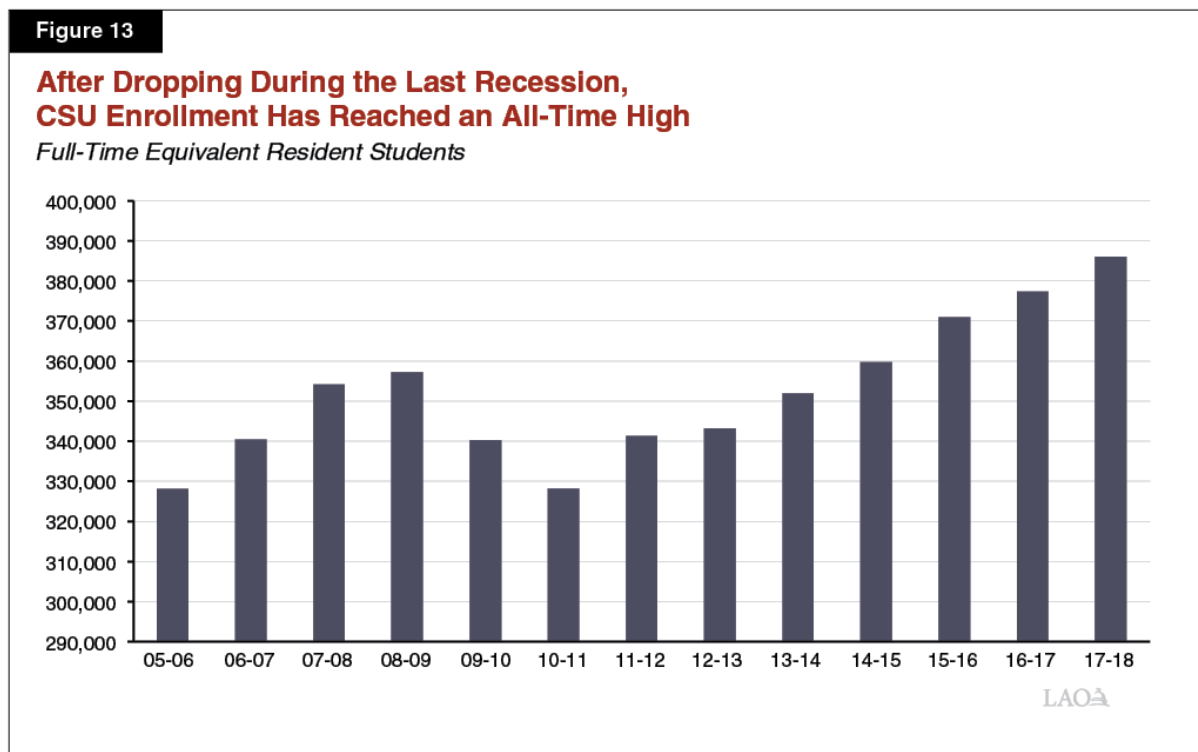
CSU Reports Some Eligible Students Are Being Denied Access. CSU indicates that about 19,000 freshman and 12,000 transfer applicants who met CSU's eligibility requirements for fall 2018 were not accepted at any CSU campus to which they applied. These students are commonly referred to as "denied eligible" students. These students include an unknown mix of eligible students denied access to their local campus and eligible students applying to an out-of-region campus. Chancellor's Office data indicates that 10,708 (56 percent) only applied to one campus (4,080 applied to San Luis Obispo, 1,501 applied to San Diego, and 1,286 applied to Long Beach only). Some of these students may have applied to and been accommodated by colleges in other segments (such as CCC, UC, or a private institution).

In 2017-18, CSU conducted an analysis of these qualified-but-denied students and found data in the National Student Clearinghouse that about 75 percent of qualified-but-denied students enrolled other higher education institutions. Specifically, about 57 percent appeared to be attending a California college: either a UC, private college, or a community college, and 18 percent enrolled in out of state institutions. CSU notes that about 25 percent of students cannot be found in national college databases, indicating these students had good enough grades and test scores to attend CSU but may not be attending college. Staff has requested CSU to provide updated information on this.

Enrollment Targets. In most years, the Legislature provides funding in the annual budget act to support a specified level of enrollment growth at CSU. The total amount of funding provided each year is based on the number of additional students the Legislature wants CSU to enroll multiplied by a per student

funding rate (derived by a “marginal cost” formula). The formula takes into account the additional faculty, support services, and other resources that are required to serve each additional student. The per student costs are shared by the state General Fund and student tuition revenue. In 2019-20, CSU’s marginal cost is \$11,322 per FTE student, with a state share of \$8,499.

CSU Enrollment Is at an All Time High. The resident enrollment levels at CSU have increased each year since 2010-11, growing at an average annual rate of about two percent over the period. In 2017-18, CSU enrolled 386,000 FTE students, about 30,000 more than campuses were serving in 2008-09 (its previous peak).



Legislature Provided CSU One-Time Enrollment Growth Funding in 2018-19. The 2018-19 budget provided CSU with \$120 million General Fund one-time for enrollment growth. Provisional language permits CSU to spend these funds over a four-year period to support a student cohort of 3,641 FTE students (one percent over the 2017-18 level). For 2018-19, CSU has allocated \$21.9 million of the \$120 million to campuses (representing 2,677 FTE students). Funds were distributed based on the increase in average unit load, associate degree for transfer from an impacted campus, and capacity for growth. As a result of this methodology 19 out of 23 campuses received funding. The four campuses that did not receive funding were Chico, Los Angeles, Maritime and San Luis Obispo. Campuses are using these funds for various purposes, including hiring temporary faculty to teach more course sections in spring 2019.

Redirection Policy. CSU notes that the remaining \$98 million will be used to support the undergraduate redirection policy. For the 2019-20 undergraduate application process, qualified students that were denied admission to their campuses of choice will be redirected to six campuses: Bakersfield, Channel Island, Dominguez Hills, Humboldt, San Francisco and Stanislaus. The applicant may select their top two campuses to be redirected to. This is the first year that CSU will implement this policy, therefore it is unclear how many students will accept redirection offers. UC’s redirection policy redirects students

who are qualified for UC but denied admission to UC Merced, and less than two percent of students accept that offer.

Governor's Budget Proposal

Provides \$62 Million Ongoing for Two Percent Enrollment Growth. This amount would fund about 7,300 resident FTE students in 2019-20. The Administration has indicated its intention that this funding be for resident undergraduate students.

In addition, CSU plans to use about \$30 million of the \$120 million in one-time funding the state provided in 2018-19 for enrollment growth. CSU intends to support about 3,600 additional FTE students in 2019-20 with these funds.

CSU Budget Request

CSU requests \$154.74 million General Fund for a five percent increase or 18,207 FTE in undergraduate resident enrollment. This amount is based on a state marginal cost rate of \$8,499 per FTE. This is \$92.74 million General Fund above the Governor's budget.

Legislative Analyst's Office

New Redirection Policy Likely to Increase Enrollment. CSU is unable to predict the impact of this new policy on its enrollment (take) rates. If 10 percent of the approximately 30,000 denied eligible students end up enrolling at CSU, it would mean about 3,000 additional students (headcount), or 2,500 FTE students, would need to be accommodated. CSU intends to use the second year of one-time enrollment monies the Legislature provided in 2018-19 to fund these redirected students. If redirected students have about a 10 percent take rate in 2019-20, CSU likely has enough funding for that cohort of students through 2021-22. Depending upon the results of the new policy, pressure could emerge in 2020-21 to fund another cohort of redirected students.

Staff Comment

The subcommittee may wish to request updated information regarding where qualified-but-denied applicants ultimately enrolled. Additionally, the subcommittee may also wish to request information regarding the impact of the redirection policy, including how many students were eligible to be redirected, which campuses students chose, how many students ultimately enrolled in the campus they were redirected to, and how CSU appropriates the remaining \$98 million General Fund one-time from 2018-19 over the next three years.

Staff Recommendation. Hold Open.

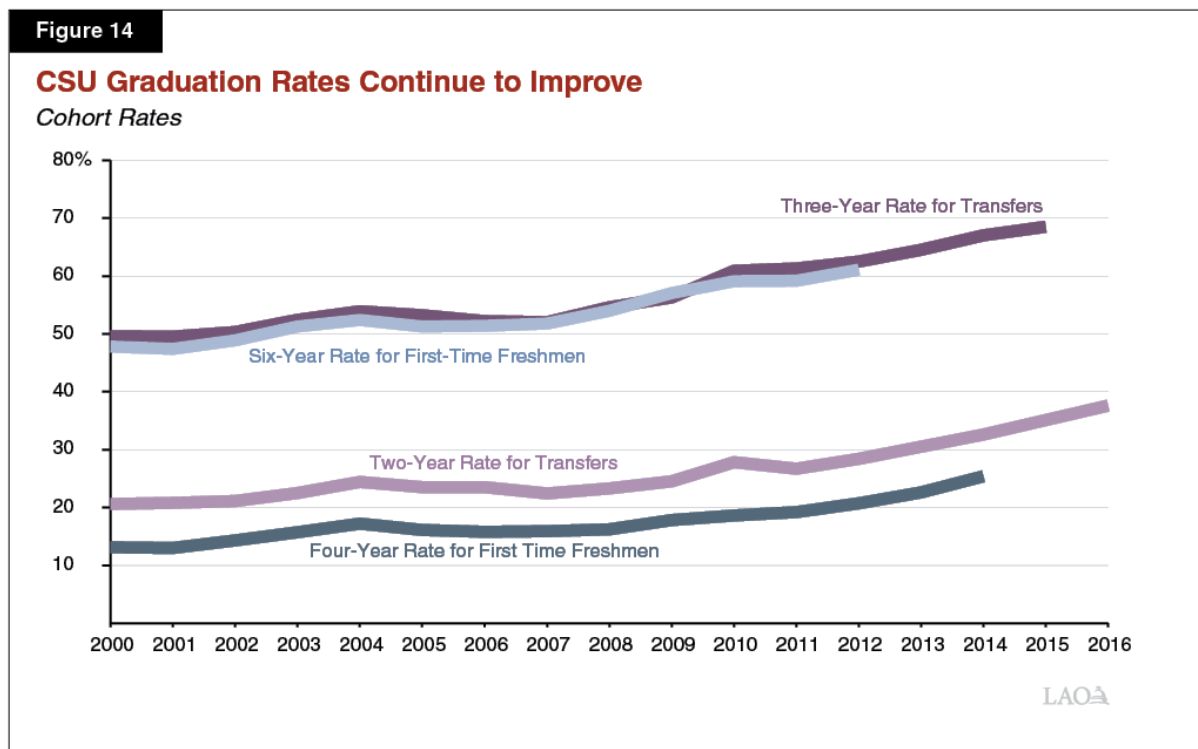
Issue 3: Graduation Initiative

Panel

- Rebecca Kirk, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, California State University
- Dr. James Minor, Assistant Vice Chancellor and Senior Strategist for Academic Success and Inclusive Excellence, California State University

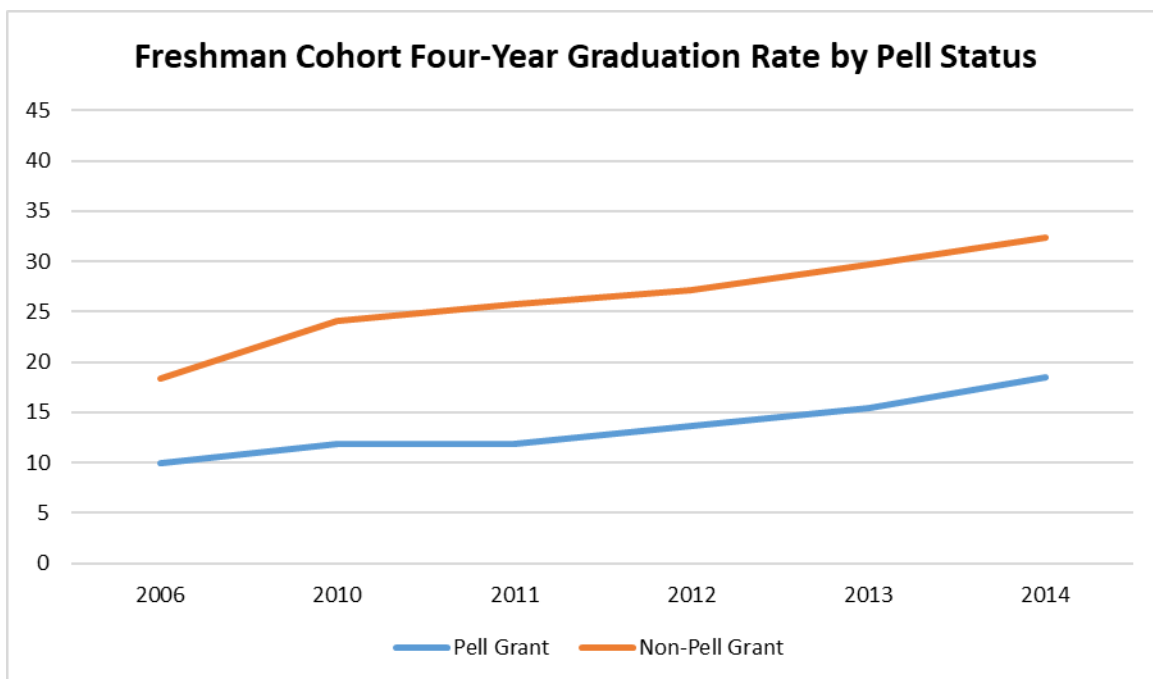
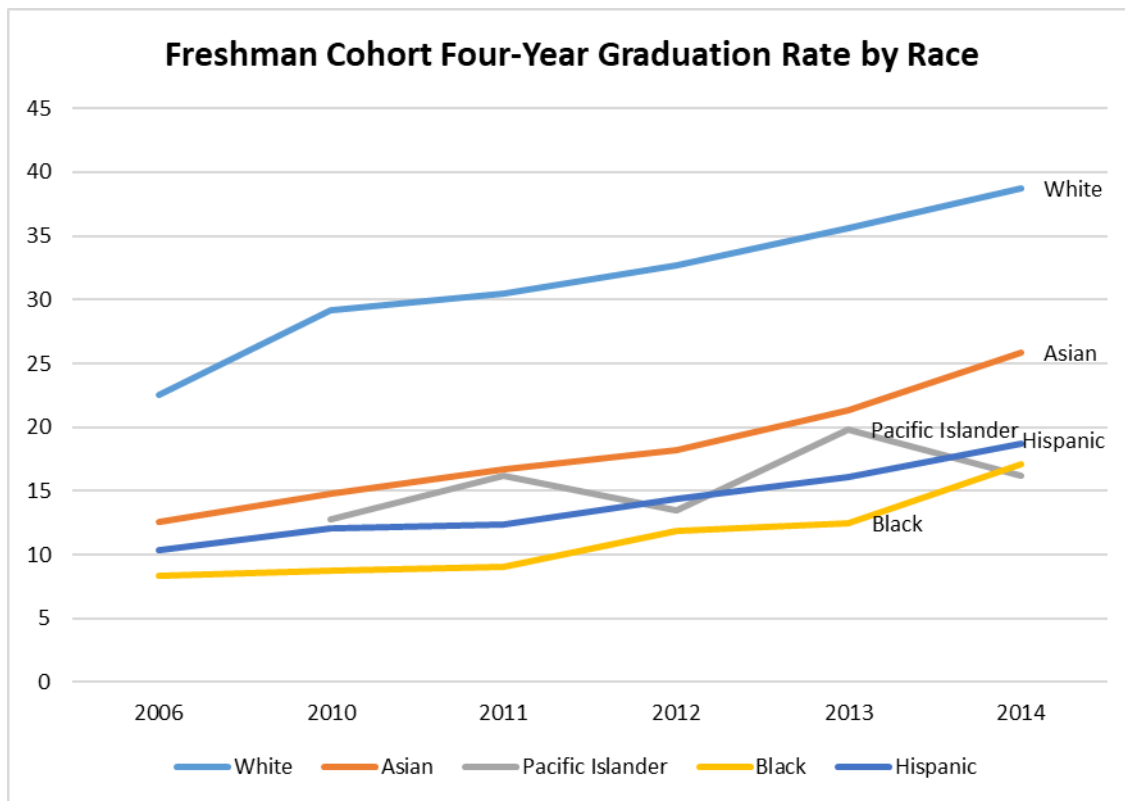
Background

Historically, CSU's six-year graduation rate for incoming freshmen has been below 50 percent and its four-year rate has been below 15 percent. To address its low graduation rates, CSU launched the Graduation Initiative in 2009. CSU has set a systemwide goal to increase six and four-year graduation rates for first-time freshmen to 70 percent and 40 percent, respectively, by 2025. Currently, the systemwide four-year graduation rate is 25.5 percent, and the six-year graduation rate is 61.2 percent. In addition to systemwide targets, each campus has its own 2025 goals. The Graduation Initiative also seeks to increase graduation rates for transfer students. In addition, CSU has a goal to eliminate achievement gaps among student groups, such as low-income and first generation college students. Graduation rates have been increasing steadily over time for both first-time freshmen and transfer students.



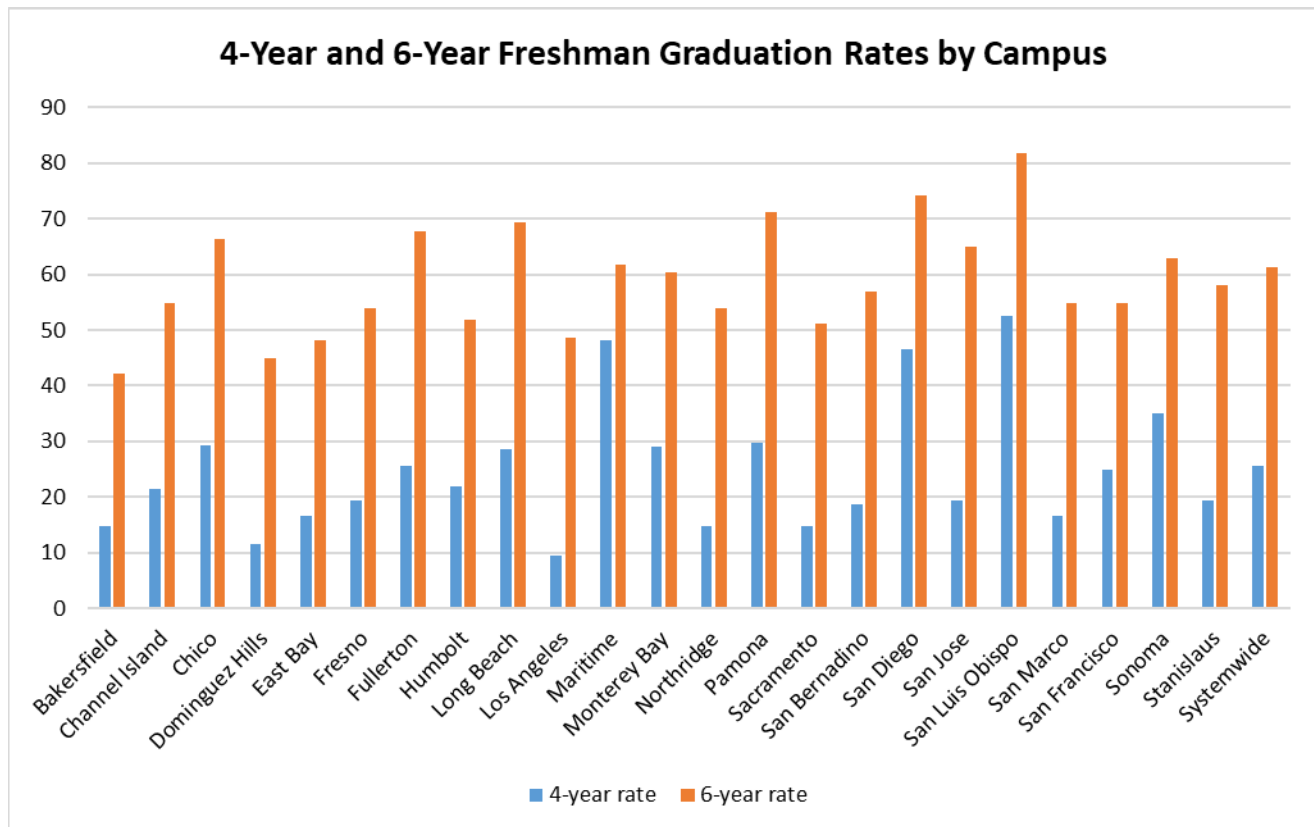
Achievement Gaps by Race, Income and Campus. Historically, graduation rates for low-income students and students from other traditionally underrepresented groups have been significantly lower than other students. The most recent data shows the six-year gap in graduation rates between low-income and non-low-income students has declined slightly (narrowing from an 11 percentage point gap to a 10 percentage point gap). The six-year graduation gap between some racial/ethnic groups also was

slightly smaller for the cohort entering in 2012 than the cohort that began six years earlier. The charts on the following page display the four-year graduation rate among various race and Pell Grant status.



Graduation rates across groups, except for pacific islanders, has gradually increased over the eight years, however, the achievement gap has not significantly changed in that period of time. Given the significant state investment in the Graduation Initiative, the subcommittee may wish to ask how CSU plans to close the achievement gaps for low-income students and students from various ethnic and racial groups, and specific policy changes and best practices have been implemented for this purpose.

In addition to varying graduation rates by race and income, campuses also have varying completion rates. For example, 9.5 percent of freshman at Cal State Los Angeles graduate in four years compared to 14.7 percent of freshman at CSU Sacramento.



CSU Is Currently Designating \$198 Million Ongoing for the Graduation Initiative. The Chancellor's Office allocates almost all Graduation Initiative funds directly to campuses, reserving a small portion of funds (about \$2 million) for systemwide coordination and technical assistance. While the Chancellor's Office gives campuses flexibility on how to spend their allocation, most campuses have used their funds to hire additional faculty, offer more course sections in high-demand areas, and provide more student support services.

The 2016-17 budget provided \$35 million one-time for the CSU to increase systemwide and campus four-year graduation rates for freshman, and two-year graduation rates for transfer students. Funds were to be spent on activities related to the Graduation Initiative.

The 2017-18 budget provided \$12.5 million General Fund one-time for the Graduation Initiative. In March 2017, the CSU Board of Trustees voted for a five percent tuition increase, which generated \$78 million in additional net revenue, and CSU officials have indicated that this was used primarily to augment funding for the Graduation Initiative.

Additionally, the 2018-19 budget provided CSU \$75 million in ongoing General Fund to support the Graduation Initiative (which was CSU's budget ask). The budget also requires the CSU to report on January 15, 2019 and January 15, 2020 on: (1) the amount each campus spent on the Graduation Initiative, (2) how funds were spent, (3) how these activities are linked to research on best practices and campus data on whether these activities have achieved their desired impact, (4) its efforts to close the achievement gap for low-income students, historically underrepresented students, and first generation students, and (5) the growth in management faculty and support staff. The budget also specified that \$25 million ongoing General Fund must be used to increase the number of tenure track faculty. The budget requires the CSU to report by November 1, 2020 and every two years thereafter until funds are fully allocated regarding the number of tenure track faculty, lecturers, and new tenure track faculty by campus, among other data.

For 2017-18, CSU allocated \$75 million from student tuition increase and state investments to campuses based on: (1) \$24 million for base budget increase of \$960,000 per campus, with \$1.9 million for systemwide efforts, (2) \$26 million based on the campuses proportion of students who were eligible for Pell Grants, and (3) \$25 million for recruitment and retention of tenure track faculty.

The Chancellor's Office reported in January 2019 that campuses used \$75 million in 2017-18 to add more than 2,800 course sections, equating to about 80,000 new seats for students. In tandem with adding more course sections, the Chancellor's Office reports that the system has been able to increase the average unit load for students from 13 in fall 2015 to 13.3 in fall 2018—equating to about 8,500 FTE students. In addition, a number of campuses report using funds to provide targeted outreach and support services to student groups with historically low graduation rates, including former foster youth and African American males. The CSU reports the following expenditures in 2017-18, and planned expenditures in 2018-19.

2017-18 Graduation Initiative Expenditure
(Dollars in Millions)

Activity	Amount
<u>Hiring additional tenure track faculty and offering additional course sections.</u> Across the system, campuses report hiring 149 new instructional tenure track faculty. This does not include replacing faculty who retired or departed for other opportunities. Across the system, campuses added more than 2,800 new course sections, equating to approximately 80,000 new seats for students. CSU notes that approximately 44 percent of all courses are taught by tenure track faculty. Additionally, 16 percent of the new tenure track faculty positions were filled by lecturers, even though they only made up two percent of the applicant pool.	\$30
<u>Hiring additional advisors.</u> Campuses reduced their student-to-advisor ratios, and hired 101.5 FTE advisors to the system. Campuses also used data and technology tools to help students identify their preferred major earlier and customizing graduation plans.	\$10
<u>Investing in student and academic support programs.</u> CSU notes that the campuses prioritized learning centers, tutoring centers, supplemental instruction and redesign of courses. Additionally, campuses invested in mentoring programs and provided financial	\$35

incentives to students near graduation or in danger of dropping out because of unmet financial need. Campuses also used funds to invest in technology and data analytics.	
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2018-19 Planned Graduation Initiative Expenditure
(Dollars in Millions)

Activity	Amount
<u>Academic preparation and enrollment management.</u> Of this funding, at least \$25 million will hire additional tenure track faculty. Additionally this funding will (1) support redesign of curriculum, (2) expand supplemental instruction, (3) hire 46.5 FTE advisors systemwide, (4) increase technology for academic advising, (5) establish outreach campaigns to encourage higher unit loads, (6) increase academic support systems such as learning labs and tutoring centers.	\$53.9
<u>Student engagement and well-being.</u> This investment will: (1) strengthen cultural centers, (2) develop a framework for meeting basic-needs, (3) expand academic and social integration, and (4) increase opportunities for academic and career exploration.	\$6.6
<u>Financial support.</u> Campuses are working to increase students' financial literacy, offer non-traditional financial support (such as micro-grants or emergency loans), and expanding on-campus student employment opportunities.	\$3.9
<u>Data-driven decision making.</u> Campuses are using funds to improve technology and information infrastructure to facilitate integration of data for campus decision making processes. Campuses are also investing in professional development and using data to conduct assessments of programs and initiatives.	\$7.3
<u>Administrative barriers.</u> Some campuses are developing task forces to analyze student related systems and make recommendations to make them more functional and accessible. Some campuses are also reviewing registration processes, to streamline the experience for students. Campuses are also review drop-for-non-payment and readmission policies.	\$5.3

CSU Is Revising Assessment and Remedial Policies for Incoming Freshmen. Historically, CSU has relied heavily on placement tests to assess students' college readiness. In an effort to improve student outcomes, the 2017-18 Budget Act included provisional language requiring the Trustees to adopt new assessment policies that include placing "significant weight" on incoming students' high school grades in math and English. In August 2017, the Chancellor issued an executive order that requires campuses to discontinue using CSU's math and English placement tests and instead rely on high school grades to place students. In addition, the executive order limits the number of remedial (noncredit bearing) units that academically underprepared students can be required to take and requires campuses to provide students with academic support (such as targeted tutoring). CSU reports that campuses are designating some Graduation Initiative funds for professional development so faculty can redesign math and English curriculum for underprepared students and evaluate results.

CSU Is Also Seeking to Reduce Students' Excess Unit Taking. Standard requirements for graduation typically total 120 semester units (180 quarter units) for a bachelor's degree. Historically, CSU students

have accumulated notably more units than required for graduation. CSU has identified a number of factors that likely have been contributing to excess unit accumulation, including insufficient access to the courses that students need to fulfill degree requirements and too few academic advisors. To help reduce excess unit taking, a number of campuses report that they are using data from students' education plans to better inform which courses to offer each term. In addition, campuses have hired additional academic advisors and acquired technology enhanced advising tools.

Governor's Budget Proposal

Provides \$45 Million Ongoing Augmentation for Graduation Initiative. This would bring ongoing funding for the Graduation Initiative to \$243 million. Though CSU does not have a specific spending plan for the additional funds, the Chancellor's Office indicates campuses likely would use the bulk of the funds to hire additional faculty, offer more sections of high demand courses, and provide more academic advising and other support services, particularly to students at risk of not graduating. These activities are similar to CSU's current Graduation Initiative spending priorities.

CSU Budget Request

CSU requests an additional \$30 million General Fund ongoing above the Governor's budget proposal, for a total of \$75 million General Fund, to support the Graduation Initiative.

The Governor's budget provides \$30 million less than the CSU request. CSU states that \$30 million could allow for 1,400 more course sections, if all of this funding went to increasing course sections. CSU plans to request \$75 million ongoing annually for five consecutive years. The Legislature may wish to consider if this is sustainable for state, given the additional funding requests for operational cost increases and enrollment growth.

Legislative Analyst's Office Comments

Should the Legislature continue supporting the Graduation Initiative, the LAO recommends linking funding to an expectation that CSU continue to make progress on key student outcomes. The LAO recommends expecting CSU to continue: (1) improving four and six-year graduation rates for first-time freshmen, (2) improving two and three-year graduation rates for transfer students, (3) narrowing achievement gaps among student groups, and (4) reducing excess units.

The LAO recommends the Legislature direct CSU to limit institutional financial aid to no more than four years of full-time attendance or its equivalent for students to avoid excess unit accumulation and maximize aid for other students who are on track. This modification would align CSU's policy with the state's policy for Cal Grants.

The LAO recommends the Legislature direct the Chancellor's Office to modify its systemwide policy on repeating courses. Specifically, the LAO suggests a systemwide policy to limit students to taking the same course twice. The LAO recommends the Chancellor's Office add this data as part of its statutorily required annual performance report. The experience in other states suggests that course failures and repeats can significantly exacerbate excess unit taking. Moreover, by allowing struggling students to take the same course multiple times; campuses may be contributing to students staying in a course or program that is inappropriate for them.

Staff Recommendation. Hold Open.

Issue 4: Project Rebound

Panel

- Rebecca Kirk, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, California State University
- Dr. Brady Heiner, Founder & Executive Director of Project Rebound, at CSU Fullerton

Background

Project Rebound was founded in the late 1960s at San Francisco State University. The purpose of the program is to help participants enroll, stay on track, graduate, and pursue a career after release from jail or prison. To that end, Project Rebound staff provide academic advising, personal counseling, mentoring, and other services to students. In 2016, the Opportunity Institute, a nonprofit organization based in Berkeley, provided a total of \$1.7 million (spread over three years) for Project Rebound to expand to other campuses. The Chancellor's Office provided \$600,000 in one-time matching funds for the grant. Currently, nine campuses have a program, specifically, Bakersfield, Fresno, Fullerton, Los Angeles, Pomona, Sacramento, San Diego, San Bernardino and San Francisco. Based on information provided by the Chancellor's Office, the 2018-19 revenue for Project Rebound is approximately \$1.7 million, of which \$1.1 million were from philanthropic grants and \$521,317 were from campus funding, which includes a variety of sources including Associated Students, the CSU Chancellor, and campus Presidents or Provosts. CSU Fullerton has the largest campus budget of \$560,848 (80 percent of their budget was from philanthropic grants); followed by San Francisco with \$471,753 million (84 percent of their budget was from campus funds).

As of fall 2018, Project Rebound was serving a total of 295 students (headcount), the vast majority of whom were undergraduate students. According to the Chancellor's Office, most program participants are transfer students. Many formerly incarcerated students find their way to the program after enrolling at CSU. Other program participants first learn about the program through outreach activities that program staff undertake at community colleges, correctional facilities, and elsewhere.

Project Rebound Is Staffed by a Mix of Full and Part-time Staff. Staffing size varies by campus, with generally between two and seven full or part-time staff employed at each program. Several programs also employ part-time student assistants.

Program Outcome Data Are Limited but Appears to Be Promising. The Chancellor's Office does not centrally collect data on graduation rates of Project Rebound students, and eight of CSU's nine Project Rebound campuses have only been launched within the past three years. The Chancellor's Office, however, recently conducted a survey of Project Rebound campuses. These campuses reported having a total of 119 program participants' graduate in either 2016-17 or 2017-18. Of that number, 104 students (87 percent) either found employment after graduating or enrolled in graduate school. According to the survey, none of the graduates have reoffended to date. The Chancellor's Office is not aware of the number of formerly incarcerated students there are in the system and do not ask students to identify this information.

Governor's Budget Proposal

The Administration proposes \$250,000 General Fund ongoing to support the program. The Administration's intent is for CSU to expand the program to new campuses or increase program enrollment among the nine campuses currently operating Project Rebound. The Administration does not have a detailed expenditure plan specifying how CSU is to use the state funding.

Legislative Analyst's Office Comments

Campuses use Graduation Initiative funds and general operating funds to address the unique needs of various student groups. Though specific priorities vary among campuses, campuses use these funds to provide additional support for former foster youth, African American males, veterans, and undocumented students, among other high priority groups. Given that formerly incarcerated students have many challenges too, this funding also is appropriate for supporting them.

Given the state's interest in rehabilitating offenders, the Legislature might agree with the Governor that serving this population of at risk students is a high priority. If so, the LAO believes Project Rebound efforts would benefit more from leveraging larger existing pots of funding for student support than the very small Project Rebound augmentation proposed by the Governor. Specifically, to improve outreach and support services for formerly incarcerated students across the CSU system, the Legislature could encourage CSU to place a high priority on using Graduation Initiative funding for this purpose. To better monitor outcomes for this student group, the Legislature also may want to begin requiring the Chancellor's Office to include this group in CSU's regular performance reports. Specifically, these reports could begin including the number of students participating in Project Rebound programs, their graduation and recidivism rates, and the amount of Graduation Initiative and other funding campuses are providing to support these students.

Staff Comment

As the LAO noted, the Legislature has had an interest in rehabilitating formerly incarcerated and system impacted individuals. For example, the 2016-17 Budget provided UC Berkeley \$500,000 General Fund one-time to expand the program. Additionally, the 2018-19 budget provided \$5 million Proposition 98 General Fund one-time to create the Reentry Grant Program to support current and formerly incarcerated students. Additionally, the 2018-19 budget also provided \$20 million General Fund over two years to provide supportive services such as bus passes, childcare vouchers, and housing assistance to formerly incarcerated and system impacted individuals who participate in job training. Lastly, the 2018-19 budget also provided \$15 million General Fund one-time to implement AB 1111 (Garcia), Chapter 824, Statutes of 2017, which established the Removing Barriers to Employment Act to assist individuals who have multiple barriers to employment to receive remedial education and work readiness skills.

The subcommittee may wish to ask: (1) what CSU's expenditure plan is for the Governor's proposal, (2) how CSU campuses currently supports formerly incarcerated students, (3) have campuses used Graduation Initiative funding for this purpose, and (4) is there a coordinate approach among support services and the various statewide initiatives for formerly incarcerated people.

Staff Recommendation. Hold Open.

Issue 5: Capital Outlay and Deferred Maintenance

Panel

- Randy Katz, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, California State University
- Vi San Juan, Assistant Vice Chancellor for Capital Planning, California State University

Background

Prior to 2014-15, the state sold bonds to support CSU's academic facilities and paid the associated debt service. Beginning in 2014-15, the state altered this approach by authorizing CSU to begin issuing its own bonds for academic facilities. In a related action, the 2014-15 budget package shifted \$302 million in ongoing base funding into CSU's main support appropriation. The amount equated to what the state was paying for CSU debt service at the time.

Moving forward, CSU is expected to pay off all debt—both for outstanding state bonds and any new CSU bonds—from its main General Fund appropriation. The new process limits the CSU to spending a maximum of 12 percent of its main General Fund appropriation on debt service and pay-as-you-go academic facility projects. By combining capital outlay and support into one CSU budget item, the state intended to incentivize CSU to weigh the tradeoffs of supporting more operating costs (such as compensation increases and enrollment growth) with funding new capital projects.

Administration and Legislature Review CSU's Project Proposals. Under the process now in place, CSU must notify the Legislature and receive approval from the Administration on the projects it intends to pursue with its General Fund support. State law establishes the following project approval timeline:

- In December, CSU submits capital outlay budget change proposals to the Legislature and Administration.
- In February, the Administration submits a list of projects it preliminarily approves to the Legislature.
- No sooner than April, the Administration submits a final list of approved projects to the Legislature.

Under this process, the Legislature can influence which projects are undertaken by (1) signaling its broad infrastructure priorities to the Administration and CSU, (2) conveying any concerns with specific project proposals during February and March legislative hearings, and (3) adjusting CSU's General Fund appropriation to reflect changes in debt service costs or authorized pay-as-you-go projects.

CSU Has Identified Large Backlog of Deferred Maintenance. CSU recently contracted with a third party to visit and assess the condition of its academic buildings and infrastructure. Based primarily on that comprehensive assessment, CSU has identified \$3.7 billion in building systems and components that have reached the end of their useful life and need to be replaced. The Chancellor's Office maintains a campus-by-campus list of deferred maintenance needs and their associated costs. Identified deferred maintenance costs vary widely by campus, from \$8 million at the Bakersfield campus to nearly \$368 million at San Jose State University (the oldest campus in the CSU system). Additionally, CSU estimates that it would need as a system to set aside \$337 million annually to prevent its maintenance backlog from growing. Through 2018-19, these statewide initiatives have provided CSU a total of

\$95 million General Fund one-time. CSU uses university bonds to finance deferred maintenance projects.

Governor's Budget Proposal

On February 8th, the Administration submitted a letter to the Legislature notifying the preliminary approval of 18 capital outlay projects. The LAO chart below summarizes the various projects.

The first and largest project is the systemwide infrastructure improvement project, which totals approximately \$463.9 million (\$359.1 million is CSU revenue bonds). This project supports over 100 improvement projects (attached) throughout the system, such as building system modernization (fire alarm, plumbing, mechanical and electrical), energy management upgrades, and Americans with Disabilities Act compliance. The Chancellor's Office notes that approximately \$230.4 million of the project is attributed to deferred maintenance or renewal of infrastructure that serve academic programs.

The remaining 17 projects are campus specific proposals to renovate an existing building, demolish an old building and replace it with a new one, construct a building addition, or construct a new building to add capacity. The \$1.5 billion in state costs for these projects would be covered with CSU bonds and some one-time state General Fund. The total cost of these projects is \$1.8 billion when campus contributions (such as campus reserves and philanthropic support) are included.

California State University Capital Outlay Projects

Reflects List of Projects CSU Submitted to the State in December 2018 (In millions)

Campus	Project^a	2019-20 State Costs^b	Total Cost^c
Systemwide	Infrastructure improvements	\$359.1	\$463.5
Long Beach	Peterson Hall 1 replacement building	152.5	167.3
San Francisco	Science replacement building	101.2	150.0
San Bernardino	College of Arts and Letters building renovation and addition	97.9	111.0
Chico	Butte Hall renovation	80.2	89.9
Sonoma	Stevenson Hall renovation and addition	83.4	89.4
Stanislaus	New Classroom Building II	80.4	86.7
Dominguez Hills	New Innovation and Instruction building	51.5	83.5
Fresno	Central plant replacement	71.6	79.6
Sacramento	Engineering and Classroom replacement building	67.7	78.3
Channel Islands	Gateway Hall renovation and new instruction building	65.2	71.1
Fullerton	Visual Arts Complex renovation	50.0	65.7
San Marcos	New Applied Sciences and Technology building	50.8	53.2
Northridge	New Sierra Annex building	44.8	50.0
Bakersfield	New Energy and Engineering Innovation Center	40.8	44.6
San Diego	Dramatic Arts building renovation and	33.2	36.9

	new theater building		
Monterey Bay	Classroom renovations in multiple buildings	29.2	29.7
Maritime Academy	Mayo Hall renovation and addition	18.7	18.9
Totals		\$1,478.2	\$1,769.4
<p>^aReflects preliminary plans, working drawings, construction, and equipment for all projects, except for the San Bernardino, Fresno, and San Diego projects, which do not have an equipment component.</p> <p>^bReflects total state cost for all but two projects. The San Bernardino project has total state costs of \$103.9 million and the Sonoma project has total state costs of \$86.4 million, after accounting for all future phases of the projects.</p> <p>^cTotal cost includes campus funds (typically reserves or philanthropic support).</p> <p>^dUnder CSU's original plan, the \$1.5 billion in state costs would be covered entirely with university bonds. The estimated annual debt service on the bonds is \$98 million, as estimated by the Chancellor's Office. Under the Governor's deferred maintenance proposal, CSU would plan to use up to \$247 million in one-time General Fund for a portion of its systemwide infrastructure improvement projects.</p>			

CSU Has Identified Existing Bond Capacity It Can Use for Proposed Projects. CSU believes it can accommodate the bulk of the cost for 2019-20 projects within its existing budget using freed up bond capacity. This is because CSU projects that its out year debt service payments will be considerably lower than the \$302 million shifted into its base in 2014-15. The reduction in cost stems both from certain past debts being retired and other debts being refinanced a few years ago, with the benefit of lower associated annual costs. Through this additional bond capacity, CSU believes it can accommodate approximately \$85 million in new annual debt service costs (sufficient to cover \$1.3 billion of the \$1.5 billion in proposed 2019-20 projects).

Governor Proposes \$247 Million One Time for Deferred Maintenance or Child Care Facilities. The Chancellor's Office has indicated that campuses likely would use the bulk of these funds to address projects on CSU's 2019-20 systemwide infrastructure improvements list. Proposed provisional language also gives campuses the option to use these funds "to expand campus based child care facility infrastructure to support student parents," however it is unclear if CSU will utilize funds for this purpose.

According to the Chancellor's Office, 18 campuses have child care facilities. Specifically, there are 29 individual centers, of which 17 are academic child care programs and 12 are self-supported and operated by an auxiliary. The Chancellor's Office estimates that academic childcare programs have approximately \$3 million in deferred maintenance needs; however this amount, is not finalized.

Legislative Analyst's Office Comments

Trade Offs to Consider for Theater Projects at San Diego. This proposal entails two theater related projects. First, CSU proposes to renovate 12,300 asf/18,800 gsf of theater space within the campus' Dramatic Arts building. The renovation project would address over \$3 million in deferred maintenance issues and provide seating, restrooms, a lobby, and sound/light booth space that is accessible to persons with disabilities. These modifications would result in the loss of 150 seats in the theater, leaving 350 remaining seats. Second, CSU proposes to construct at an adjacent location a new 4,100 asf/6,600 gsf

theater with 150 seats. The new theater would offset the loss of seats from the renovation project. CSU acknowledges that, based on findings from an earlier feasibility study, 350 seats is sufficient for the renovated theater as the campus “rarely needs more than [that amount] for its largest performances.” By building a second theater, however, the campus would be able to stage “multiple simultaneous productions for music, dance and theater.”

The proposal notes that an alternative would be to just renovate the existing theater without adding a second theater. This alternative would cost about \$17 million less (about half the cost) of the combined renovation and new theater proposal. In assessing this proposal, the Legislature may wish to weigh whether the benefit of having two theaters on campus that are available for simultaneous arts performances outweighs the additional cost and the other possible projects that could be supported with \$17 million.

Recommend Providing Funds for Deferred Maintenance but Requiring Reporting and a Plan to Eliminate Backlog. The LAO recommends the Legislature require (1) CSU to report at spring hearings on the specific projects it plans to undertake, and (2) the Department of Finance to report no later than January 1, 2023 on the status of the various CSU projects that were funded. In addition, the LAO recommends the Legislature require CSU to submit by December 1, 2019, a long-term plan for eliminating its existing backlog of deferred maintenance. This plan should identify funding sources and propose a multiyear schedule of payments to retire the backlog.

In addition, to prevent the backlog from growing or reemerging in future years, the LAO recommends the Legislature work with CSU to identify ways to improve existing maintenance practices. For example, CSU could commit to setting aside the necessary level of funds for its scheduled maintenance or the state could earmark a like amount of funds directly in the annual budget act for that purpose.

Withhold Recommendation on Proposal to Use One-Time Funds for Campus Child Care Facilities. To date, the Legislature lacks information on how these facilities are currently funded, who operates them, the general condition of these facilities, and whether the facilities currently have capacity issues. Without this type of basic information, the Legislature is unable to assess the merit of the Governor’s proposal. The LAO recommends the Legislature request the Administration provide this type of information at spring hearings so the Legislature can make an informed decision about whether to approve the proposal.

Staff Comment

Staff notes that it has been difficult for the Legislature to provide oversight over capital outlay throughout implementation of the new process and therefore it is unclear whether these projects are the best projects to address state priorities.

Deferred Maintenance. CSU’s adopted budget included \$250 million one-time to address deferred maintenance. The Governor’s proposed budget provides \$247 million General Fund one-time and an estimated \$230 million in CSU bonds.

Regarding childcare facilities, the Chancellor’s Office notes that the overwhelming need for maintenance of academic buildings would likely mean that most of the funding would go toward those projects. If the Subcommittee wishes to prioritize increasing child care availability for CSU students, faculty and staff, and better support academic programs tied to these centers, it could consider whether legislative direction is needed to specify that a certain amount be spent on this activity.

Staff agrees with the LAO regarding information on campus child care facilities. The subcommittee may wish to ask how these facilities are currently being funded, what the deferred maintenance needs are, if the CSU intends to fund these projects, and if there are capacity issues. Currently, there are approximately 21,392 community college students, 766 University of California students, and 6,475 CSU students who have dependent children and receive a Cal Grant. The subcommittee may wish to consider which system has the greatest deferred maintenance needs of child care facilities and programs.

Staff has concerns about lack of transparency and accountability associated with \$247 million General Fund for deferred maintenance. In previous years, under Control Section 6.10, before the allocation of funds, the Department of Finance was required to submit a list to the Joint Legislative Budget Committee of deferred maintenance projects associated with each department 30 days prior to the allocation of funds. The Department of Finance is also required to report changes to cost of projects greater than \$1 million, and provide comprehensive updates on all projects. On March 7th, the Senate Budget Subcommittee No. 4 on State Administration and General Government adopted supplemental reporting language requiring the Department of Finance to notify the chair of the Joint Legislative Budget Committee prior to allocating deferred maintenance funding to the department.

Staff Recommendation. Hold Open.

Issue 6: New Campus Study

Speaker

- Senator Ben Hueso, 40th Senate District

Panel

- Rebecca Kirk, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, California State University

Background

CSU Enrolls 418,062 Students at 23 Campuses. All CSU campuses enroll resident and nonresident, undergraduate and graduate students, and almost all campuses offer a broad array of academic programs. The exception is the Maritime Academy, which focuses solely on maritime professions. Graduate enrollment accounts for 30,711 FTEs. CSU campuses tend to be smaller than UC campuses, but significant variation exists across the CSU system. Four campuses enroll more than 30,000 students, seven campuses enroll between 20,000 and 30,000 students, five campuses enroll between 10,000 and 20,000 students, and seven campuses enroll fewer than 10,000 students.

Campus Enrollment Fall 2018

Campus	County	FTE Undergraduate	Total Enrollment
Bakersfield	Kern	8,144	9,212
Channel Islands	Ventura	6,101	6,277
Chico	Butte	15,419	16,437
Dominguez Hills	Los Angeles	11,195	12,712
East Bay	Alameda	10,543	12,371
Fresno	Fresno	19,695	22,236
Fullerton	Orange	28,954	32,530
Humboldt	Humboldt	6,827	7,362
Long Beach	Los Angeles	27,659	31,571
Los Angeles	Los Angeles	20,895	23,606
Maritime Academy	Solano	1,087	1,107
Monterey Bay	Monterey	6,237	6,701
Northridge	Los Angeles	29,713	32,409
Pomona	Los Angeles	22,118	23,078
Sacramento	Sacramento	24,526	26,720
San Bernardino	San Bernardino	16,125	17,749
San Diego	San Diego	28,316	31,988
San Francisco	San Francisco	22,732	25,094
San Jose	Santa Clara	23,808	27,979
San Luis Obispo	San Luis Obispo	20,453	21,204
San Marcos	San Diego	11,821	12,288

Sonoma	Sonoma	8,145	8,674
Stanislaus	Stanislaus	7,868	8,760
Totals		378,376	418,062
^a Includes both resident and nonresident students.			

LAO New Campus Study. Senate Bill 81 (Committee on Budget and Fiscal Review), Chapter 22, Statutes of 2015 required the LAO to review the need for new University of California (UC) or CSU campus, taking a systemwide perspective for UC and a regional perspective for CSU. SB 81 required the LAO to consider a variety factors, including enrollment demand and enrollment capacity. In January 2017, the LAO submitted their report to the Legislature, which concluded that a new campus was not warranted at that time. Specifically, the LAO found that there is significant enrollment capacity at UC and CSU's existing campuses, and that every CSU region could accommodate projected enrollment growth.

CSU Campuses Also Operate Off-Campus Centers Serving Undergraduates. At CSU only, campuses have established a number of off-campus sites that provide undergraduate instruction. These centers provide commuting undergraduate students with opportunities to take some or all of their coursework at a nearby center instead of the main campus. Several of CSU's most recently constructed campuses converted or replaced former off-campus centers. While CSU has 18 off-campus centers (eight for undergraduate instruction and 10 of which are extension centers, not supported by state or systemwide funding).

The eight centers are Antelope Valley (in Lancaster), Concord, Irvine, Palm Desert, Imperial Valley, Calexico, Brawley, Downtown San Francisco, and Stockton. These eight centers enroll undergraduate students whose instruction is supported with state funding and systemwide student tuition. Many centers are located within a one-hour drive from a main campus. These centers typically offer a limited set of programs, requiring students to take courses both at the center and the main campus to complete their degree requirements. Centers more distant from their main campus tend to offer a wider variety of courses so that students can complete their degrees entirely at the center. Historically, centers have provided only upper-division course offerings, expecting their students to complete lower-division coursework at a nearby community college. The Chancellor's Office provided staff with enrollment and capacity information regarding CSU satellite campuses.

CSU's Undergraduate-Serving Off-Campus Centers
Full-Time Equivalent Enrollment

Center	Main Campus	FTE Enrollment	Additional FTE Capacity
Irvine	Fullerton	1,240	None
Imperial Valley - Calexico	San Diego	629	422
Brawley	San Diego	70	None
Palm Desert	San Bernardino	861	1,060
Concord	East Bay	366	682
Antelope Valley (Lancaster)	Bakersfield	425	None
Downtown San Francisco	San Francisco	241	None
Stockton	Stanislaus	232	788
Total		4,064	2,952

CSU Off-Campus Centers Have Low Facility Use Year Round. The 2017 LAO report notes that CSU tracks the use of its facilities at its four state-owned off-campus centers (Concord, Palm Desert, Calexico, and Stockton). These sites have the lowest facility use in the CSU system, far lower than most CSU campuses. Because these centers are small relative to CSU's main campuses, increasing their use would have a small effect on CSU's overall capacity. Specifically, the centers could accommodate a total of around 3,500 additional students by increasing use of their existing facilities.

Governor's Budget Proposal

The Governor's budget summary proposes \$2 million one-time General Fund for the Chancellor's Office to undertake a review of a potential CSU campus in San Joaquin County, likely Stockton. However, there is currently no trailer bill or budget bill language regarding the proposal. The Administration states that a more detailed proposal will be released in May.

Staff Comments

Senator Ben Hueso submitted a letter to the Senate Budget and Fiscal Review Committee requesting an additional \$2 million for a campus in Chula Vista, California. The letter notes that the City of Chula Vista is committed to creating a University and Innovation District on 375 acres of city-owned land in Eastern Chula Vista. The city aims to recruit a four-year university that will integrate with commercial, retail and residential functions in an urban, mixed-use setting.

Staff Recommendation. Hold Open.

Issue 7: Basic Needs**Panel**

- Rebecca Kirk, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Ryan Storm, California State University Chancellor's Office
- Denise Bevly, California State University Chancellor's Office

Background

Previous Budget Actions. The 2017-18 budget provided CSU \$2.5 million one-time General Fund for UC to create incentive funding grants for campuses to be designated as a “hunger-free campus.” Senate Bill 85 (Committee on Budget and Fiscal Review), Chapter 23, Statutes of 2017, required a hunger-free campus to include: (1) a campus employee designated to help ensure that students have the information that they need to enroll in CalFresh also known as Supplemental Nutrition Assistance Program (SNAP), which provides eligible students with up to \$192 per month. This does not negatively impact their financial aid packages, (2) an on-campus food pantry or regular food distributions on campus, (3) a meal sharing program that allows students to voluntarily donate their unused meal plan credits, and (4) a campus employee designated to work with student volunteers of the meal sharing program.

The 2018-19 budget provided CSU \$1.5 million one-time General Fund to support campus efforts to address student hunger and basic needs. Assembly Bill 1809 (Committee on Budget), Chapter 33, Statutes of 2018, required CSU to submit a report to the Legislature by February 15, 2019, on campus use of funds, as specified. Additionally, AB 1809 created a working group with representatives of higher education segments, county and state social service providers, legislative staff, CalFresh eligibility workers, and advocates for CalFresh recipients to improve coordination and access to student benefits.

On March 26, 2019, the CSU submitted the report to the Legislature. The report notes that:

- All 23 campuses have a food pantry or food distribution program. Food pantries on CSU campuses were open, on average, from 10 am to 5 pm Monday through Friday. The unduplicated number of students served was 35,372.
- Approximately, 4,379 unduplicated students faculty and staff donated campus meals.
- CSU Northridge is the only campus systemwide that has been approved to participate in the CalFresh Restaurant Meal Program (RMP), which is an optional county program that allows CalFresh recipients who are 60 years of age or older, disabled, or homeless to use their CalFresh benefits to purchase lower cost prepared meals at approved participating restaurants in certain counties. Northridge has 13 retailers on campus that accept RMP.
- Six campuses, Humboldt, Long Beach, Northridge, Pomona, San Diego and San Francisco accept electronic benefit transfer (EBT). EBT is the automated system that allows CalFresh, CalWORKS, and other cash benefit recipients to use a card, much like a debit card, to access their food and cash benefits. CSU notes that six campuses are in the process to accept EBT on campus, including Chico, Dominguez Hills, Fresno, Los Angeles, Stanislaus and San Jose.
- All 23 campuses offer students CalFresh application assistance. CSU has 366 staff systemwide that provides CalFresh referral and information on other anti-hunger services.
- Half of CSU campuses do not have a designate basic needs center, which is a central location on campus where basic needs resources services and staff are made available for students.

Governor's Budget Proposal

The Governor's budget provides CSU with \$15 million one-time General Fund for basic needs partnerships. The Governor's budget proposal does not provide details about the proposal, such as what a basic needs partnership is, how much should be spent for hunger or homelessness, or update on how funding is spent or for what purpose.

CSU Budget Request

The CSU's adopted budget includes \$15 million one-time for basic needs partnerships. CSU notes that it began a systemwide initiative in 2015 to develop programs and strategies to support students experiencing food and housing insecurity and overall mental health and safety challenges. These strategies include increasing CalFresh outreach and application assistance, on-campus food distribution programs, and partnerships with non-profit and governmental agencies that provide direct services to students.

Given the Governor's budget proposal, CSU notes that it will create a request-for-proposal (RFP) process for this funding; requiring campuses to submit plans to address all or some of the following issues:

- Housing insecurity, such as plans to reserve dormitory rooms or create hotel voucher programs for students in need of temporary housing.
- Food insecurity, such as continuing or expanding efforts to enroll qualified students in the federal CalFresh program.
- Mental health services for students.
- General student wellness programs.

Legislative Analyst's Office Comments

The LAO does not have a position regarding the Governor's proposal.

Staff Comments

Transparency. The Legislature lacks key information regarding how \$15 million General Fund one-time funding will be spent. The subcommittee may wish to ask CSU to report back regarding a plan on how funds will be spend, such as how much will be spent on hiring coordinators and direct services, and how much will be spent to address hunger, homelessness or mental health. Should the Legislature approve this proposal, the subcommittee may wish to require reporting on outcomes associated with funding, and how services were coordinated with various community and state programs, as well as how many students were served.

Total Cost of Attendance. The Legislature may wish to take a holistic approach in addressing student basic needs, and consider all proposals and programs that seek to address this. For example, the Cal Grant B Access Award provides eligible students up to \$1,672 to address living expenses. The Federal Pell Grant provides up to \$6,095 to cover tuition or living expenses. Additionally, the Department of Social Services also provides services and programs that assist families experiencing homelessness. Moreover, the Public Utilities Commission offer discounted utility bill for qualified customers.

The Legislature is currently reviewing various legislative proposals that seek to address the total cost-of-attendance at the state's public universities. Additionally, the Governor's 2019-20 budget proposal also includes \$7.7 billion to address housing and homelessness across various departments and the subcommittee may wish to consider how this proposal fits into the larger discussion.

Housing. CSU notes that it will create an RFP for the Governor's proposal, which will include a housing component. CSU notes that more than two-thirds of campuses offer on-campus emergency housing or vouchers for off-campus housing and four campuses provide assistance with long-term housing arrangements. The Legislature may wish to request additional information on how many students receive these services, which campuses provide them, and how is this funded.

Mental Health. All campuses have a student health center, which licensed professionals provide basic health services, consultation and referral to off-campus providers as needed. In 2018-19, each campus charged a mandatory student health fee averaging \$320, ranging from \$120 to \$680. For qualifying students, campus fees may be covered by eligible student financial aid programs. Campus based fees are not allowed to exceed substantially the cost of health services provided at the campus. Students are not charged additional fees for basic health services, except in cases where laboratory tests must be sent externally or for the actual cost of acquiring vaccines and medications.

CSU policy outlines that: (1) all campuses must offer short-term individual and group counseling/therapy services, (2) campuses must provide immediate responses to suicidal and violent behavior, (3) campuses address mental health crisis that occurring during counseling centers hours of operation, (4) campuses provide outreach, educational workshops, programs and services, (5) mental health professionals may provide consultative services to members of the university community, and (6) on campus mental health professionals must identify appropriate referrals within the institution and local community. There are approximately 223 FTE counselors employed systemwide. In 2018, the systemwide ratio of counselors to students is 1:2,156; this is lower than the 2016 ratio, which was 1:2,477.

In spring of 2018, CSU administered a National College Health Assessment (NCHA), a study to provide insight into student health habits, behaviors and perception, with 22 campuses participating. Approximately 22,000 students participated in the survey with campus response rates ranging from four percent to 12 percent. The survey found that students self-reported experiencing various mental health issues, with 41.8 percent of respondents experiencing depression, 62.9 percent overwhelming anxiety, 6.6 intentional self-harm, 11.6 percent seriously considered suicide, and 1.8 percent attempted suicide, among others. Respondents also self-reported that they were diagnosed or treated by a professional for the following mental health conditions, 17.4 percent for anxiety, 14.2 percent for depression, and 9.3 percent for panic attacks, among others. The subcommittee may wish to ask what is the average wait time for students seeking services, how many counselors will the Governor's budget proposal fund, and are there vacancy rates for counselor and psychiatrists at campuses.

EBT. Given that only six campuses currently accept EBT, and six more are planning to accept it, the subcommittee may wish to ask if CSU has a timeline and plan for all campuses to accept EBTs? Are there efforts have campuses made to enroll students into CalFresh? If so, how many students has CSU helped enroll? As noted earlier, AB 1809 created a working group to improve coordination and access to student benefits. The Legislature may wish to ask for an update regarding this workgroup.

Staff Recommendation. Hold Open.

2019-2020 Infrastructure Improvements Program Project List

Cost Estimates are at Engineering News Record California Construction Cost Index 6840 and Equipment Price Index 3443

ACADEMIC PROJECTS

Campus	Project Title	Ph.	Deferred Maintenance/ Renewal	Campus Reserves Budget	SRB-AP Budget	Total Project Budget	Cumulative Total Project Budget
Bakersfield	Performing Arts Center Building Renovation	PWcCE	3,000,000	1,400,000	4,200,000	5,600,000	5,600,000
Bakersfield	Chilled Water Line Upgrades	PWC		146,000	1,911,000	2,057,000	7,657,000
Bakersfield	PE Building Renovation/Addition (Seismic)	PWC		142,000	1,997,000	2,139,000	9,796,000
Channel Islands	North Campus Hydronic Loop Extension	PWC		456,000	8,003,000	8,459,000	18,255,000
Channel Islands	Sewer and Potable Water Improvements, Ph. 2	PW		150,000	0	150,000	18,405,000
Channel Islands	Building HVAC Upgrades (Aliso Hall/Broome Library)	PWC		26,000	225,000	251,000	18,656,000
Channel Islands	South Campus Hydronic Loop Extension	PWC		285,000	5,304,000	5,589,000	24,245,000
Channel Islands	BTU Meter Replacement for Hydronic Loops	PWC	151,000	16,000	135,000	151,000	24,396,000
Channel Islands	Electrical and Fire Alarm Upgrades, Ph. 2	PWC		48,000	427,000	475,000	24,871,000
Channel Islands	ADA Access Improvements, Ph. 2	PWC		15,000	135,000	150,000	25,021,000
Channel Islands	Building Reroofing, Ph. 1	PWC	715,000	72,000	643,000	715,000	25,736,000
Channel Islands	Window and Door Lock Replacement, Ph. 2	PW	16,000	16,000	0	16,000	25,752,000
Chico	Physical Sciences Upgrades (Surge)	PWC	7,000,000	1,500,000	13,500,000	15,000,000	40,752,000
Chico	Main Switchgear and Electrical System Renewal	PWC	11,678,000	1,000,000	10,678,000	11,678,000	52,430,000
Chico	Warehouse and Facilities Services Yard	PWC		1,940,000	1,000,000	2,940,000	55,370,000
Chico	Meriam Library Building Renewal	PWC	5,500,000	500,000	5,000,000	5,500,000	60,870,000
Chico	Langdon Building Renewal	PWC	5,500,000	500,000	5,000,000	5,500,000	66,370,000
Dominguez Hills	Cain Library Fire/Life Safety and Code Upgrades (Seismic)	PWC	2,000,000	1,687,000	16,827,000	18,514,000	84,884,000
Dominguez Hills	La Corte Hall Fire/Life Safety and ADA Upgrades	PWC		1,125,000	9,804,000	10,929,000	95,813,000
Dominguez Hills	Utility Connection/16.5kV Substation	P		150,000	0	150,000	95,963,000
Dominguez Hills	ADA Path of Travel Upgrade	PWC		120,000	1,200,000	1,320,000	97,283,000
Dominguez Hills	Exterior LED Lighting Upgrades	PWC		500,000	0	500,000	97,783,000
Dominguez Hills	Interior LED Lighting Upgrades	PWC		500,000	0	500,000	98,283,000
East Bay	Music Robinson, Theatre HVAC/Boiler Replacement, Ph. 2	PWC	2,226,000	223,000	2,003,000	2,226,000	100,509,000
East Bay	Library Annex Seismic Upgrade, Ph. 2	PWC		375,000	2,837,000	3,212,000	103,721,000
East Bay	Electrical Infrastructure Upgrade, Ph. 2D	WC		311,000	2,803,000	3,114,000	106,835,000
East Bay	PE Building Substation Replacement	WC	1,082,000	108,000	974,000	1,082,000	107,917,000
East Bay	Music Robinson, Theatre HVAC/Chiller Replacement, Ph. 3	PWC	1,285,000	127,000	1,158,000	1,285,000	109,202,000
Fresno	Utility Infrastructure Improvements (Domestic Wells)	PWC		0	500,000	500,000	109,702,000
Fresno	Life/Fire Safety	PWC		0	2,513,000	2,513,000	112,215,000
Fresno	Interior (Lecture) Modernizations	PWC		5,700,000	0	5,700,000	117,915,000
Fullerton	Physical Services Complex Renovation/Replacement	PWcC		8,000,000	2,238,000	10,238,000	128,153,000
Fullerton	Life Safety and ADA Code Upgrades	PWC		100,000	1,000,000	1,100,000	129,253,000
Fullerton	Sanitary Sewer Infrastructure	PWC	2,184,000	200,000	1,984,000	2,184,000	131,437,000
Fullerton	ADA Code Upgrades	PWC		100,000	1,100,000	1,200,000	132,637,000
Fullerton	Kinesiology and Health Science Pool Safety Improvements	PWC		0	2,000,000	2,000,000	134,637,000
Humboldt	Substation Replacement	PWC	2,000,000	200,000	1,800,000	2,000,000	136,637,000
Humboldt	1605 Samoa Renewal/Renovation	PWC		2,327,000	7,979,000	10,306,000	146,943,000
Humboldt	Gist Hall Renewal/Renovation	PW		422,000	0	422,000	147,365,000
Humboldt	Building Controls	PWC	1,167,000	118,000	1,049,000	1,167,000	148,532,000
Humboldt	Fire Alarm Replacement, Ph. 3	PWC	535,000	46,000	489,000	535,000	149,067,000
Humboldt	Exterior LED Lighting Retrofit	PWC		96,000	858,000	954,000	150,021,000

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ACADEMIC PROJECTS cont'd

Campus	Project Title	Ph.	Deferred Maintenance/ Renewal	Campus Reserves Budget	SRB-AP Budget	Total Project Budget	Cumulative Total Project Budget
Long Beach	Microbiology HVAC Replacement, Ph. 2	C	2,865,000	0	2,865,000	2,865,000	152,886,000
Long Beach	Building Façade Repairs	C	2,700,000	0	2,700,000	2,700,000	155,586,000
Long Beach	Classroom Renovations (Surge)/UAM Expansion (HC, LA1)	PWCE		8,500,000	14,000,000	22,500,000	178,086,000
Long Beach	HHW South Loop Lateral Replacement	C	3,160,000	0	3,160,000	3,160,000	181,246,000
Long Beach	HHW North Loop Replacement	PWC	6,540,000	480,000	6,060,000	6,540,000	187,786,000
Long Beach	Natural Gas South Loop Replacement	PWC	760,000	394,000	366,000	760,000	188,546,000
Long Beach	Electrification of Central Plant Boiler System	PW		1,178,000	0	1,178,000	189,724,000
Long Beach	South Campus Reclaimed Water	PW		259,000	0	259,000	189,983,000
Long Beach	Pneumatic Control Conversion to DDC	PW	138,000	138,000	0	138,000	190,121,000
Long Beach	Window Replacement for Energy Efficiency (LA1,LA5,F02,F03)	PW	375,000	375,000	0	375,000	190,496,000
Los Angeles	Physical Sciences, Ph. 5 (Seismic)	C	9,592,000	9,592,000	0	9,592,000	200,088,000
Los Angeles	Elevator Renewal	PWC	2,000,000	1,000,000	1,000,000	2,000,000	202,088,000
Los Angeles	Fire Alarm System Upgrades	PWC		500,000	1,000,000	1,500,000	203,588,000
Los Angeles	ADA Path of Travel Upgrades	PWC		0	1,672,000	1,672,000	205,260,000
Los Angeles	Telecom System Replacement	PWC	17,489,000	0	17,489,000	17,489,000	222,749,000
Maritime Academy	Hillside Emergency Stabilization	PWC	3,420,000	188,000	3,232,000	3,420,000	226,169,000
Maritime Academy	Harbor Dredging	PWC	640,000	0	640,000	640,000	226,809,000
Maritime Academy	Faculty Drive Repairs and Stabilization, Ph. 2	PWC	6,000,000	0	6,000,000	6,000,000	232,809,000
Maritime Academy	Residence Hall Road Repairs	PWC	3,420,000	188,000	3,232,000	3,420,000	236,229,000
Maritime Academy	SIM Building Redundant UPS	PWC		0	85,000	85,000	236,314,000
Maritime Academy	Lower Campus ADA Improvements	PWC		18,000	348,000	366,000	236,680,000
Maritime Academy	Upper Campus ADA Improvements	PWC		18,000	348,000	366,000	237,046,000
Monterey Bay	Seismic Projects	PWC		0	2,000,000	2,000,000	239,046,000
Monterey Bay	Infrastructure Improvements	PWC		0	2,000,000	2,000,000	241,046,000
Monterey Bay	ADA Projects	PWC		0	4,000,000	4,000,000	245,046,000
Northridge	Electrical Infrastructure	PWC	3,482,000	304,000	3,178,000	3,482,000	248,528,000
Northridge	Heating System Replacement, Ph. 5B	C	5,654,000	0	5,654,000	5,654,000	254,182,000
Northridge	Bookstore Annex, Ph. 2 Repair and Replace	PWC	1,650,000	150,000	1,500,000	1,650,000	255,832,000
Pomona	Center for Regenerative Studies HVAC Renewal	PWC	5,582,000	728,000	4,854,000	5,582,000	261,414,000
Pomona	Roof Renewal, Multiple Buildings	PWC	3,313,000	432,000	2,881,000	3,313,000	264,727,000
Sacramento	Hornet Stadium Press Box	PWcCE	3,544,000	1,544,000	2,000,000	3,544,000	268,271,000
Sacramento	Building Switches, Ph. 2	PWC	1,495,000	317,000	1,178,000	1,495,000	269,766,000
Sacramento	Storm Water Renovations	PWC	2,225,000	364,000	1,861,000	2,225,000	271,991,000
Sacramento	Fire Alarms, Ph. IV	PWC		357,000	2,594,000	2,951,000	274,942,000
Sacramento	ADA Upgrades	PWC		63,000	738,000	801,000	275,743,000
San Bernardino	Health and Physical Education Arena Floor Replacement	PWC	1,520,000	200,000	1,320,000	1,520,000	277,263,000
San Bernardino	Performing Arts Elevator Safety Upgrade	PWC		79,000	395,000	474,000	277,737,000
San Bernardino	Pfau Library Elevators Safety Upgrade	PWC		176,000	1,403,000	1,579,000	279,316,000
San Bernardino	Fire Alarm Replacement	PWC	1,121,000	142,000	979,000	1,121,000	280,437,000
San Bernardino	Pfau Library 2nd Floor Classroom Renewal	PWC	1,626,000	110,000	1,516,000	1,626,000	282,063,000
San Diego	Utilities Critical Infrastructure 1A	PWC	2,000,000	1,000,000	1,000,000	2,000,000	284,063,000
San Diego	Utilities Critical Infrastructure 1B	PWC	1,500,000	500,000	1,000,000	1,500,000	285,563,000
San Diego	Utilities Critical Infrastructure 1C	PWC	2,583,000	235,000	2,348,000	2,583,000	288,146,000

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Campus	Project Title	Ph.	Deferred Maintenance/ Renewal	Campus Reserves Budget	SRB-AP Budget	Total Project Budget	Cumulative Total Project Budget
San Francisco	Heating Hot Water System Renewal	PWC	4,998,000	500,000	4,498,000	4,998,000	293,144,000
San Francisco	Thornton Hall Sprinkler System and Fire Alarm	PWC		1,982,000	3,177,000	5,159,000	298,303,000
San Francisco	Hensill Hall Sprinkler System and Fire Alarm	PWC		449,000	7,044,000	7,493,000	305,796,000
San Francisco	Hensill Hall Renewal	PWC	6,073,000	107,000	5,966,000	6,073,000	311,869,000
San Francisco	Fine Arts and Creative Arts Improvements	PWC		340,000	3,058,000	3,398,000	315,267,000
San Francisco	Fire Hydrants Renewal, Ph. 2 Campuswide	PWC	1,049,000	105,000	944,000	1,049,000	316,316,000
San Francisco	Tiburon-Seismic, Infrastructure, ADA, Modernization Upgrades	PWC	2,000,000	360,000	3,236,000	3,596,000	319,912,000
San Francisco	Fire Alarm Replacement, Fine Arts	PWC	1,069,000	107,000	962,000	1,069,000	320,981,000
San Francisco	Central Plant/Campus Critical Utility Projects	PWC	1,834,000	183,000	1,651,000	1,834,000	322,815,000
San Francisco	Data Center Emergency Power Upgrade	PWC		102,000	914,000	1,016,000	323,831,000
San Francisco	ADA Fire Alarm Upgrades, Campus	PWC		115,000	1,037,000	1,152,000	324,983,000
San Francisco	Portable Generator Quick Connects	PWC		198,000	1,778,000	1,976,000	326,959,000
San Francisco	Sanitary Sewer/Storm/Domestic Water Critical Projects	PWC	2,531,000	253,000	2,278,000	2,531,000	329,490,000
San Francisco	Business Building Heating System Replacement	PWC	2,404,000	240,000	2,164,000	2,404,000	331,894,000
San Francisco	Thornton Hall ADA Restroom Upgrade	PWC		158,000	1,424,000	1,582,000	333,476,000
San Francisco	Cox Stadium, Creative Arts, Bus. ADA Restroom Upgrade	PWC		167,000	1,503,000	1,670,000	335,146,000
San José	Electrical Infrastructure Renewal	PWC	2,500,000	1,250,000	1,250,000	2,500,000	337,646,000
San José	Engineering Building Renewal	PWC	1,045,000	95,000	950,000	1,045,000	338,691,000
San José	Roof Replacement, Multiple Buildings	PWC	985,000	95,000	890,000	985,000	339,676,000
San José	Restroom ADA Upgrades, Multiple Buildings	PWC	1,300,000	245,000	2,450,000	2,695,000	342,371,000
San José	MLK Library Escalator Replacement	PWC	6,000,000	6,000,000	0	6,000,000	348,371,000
San Luis Obispo	Sewer Line Repairs	PWC	3,500,000	1,500,000	2,000,000	3,500,000	351,871,000
San Luis Obispo	Substation Redundancy	PW		283,000	0	283,000	352,154,000
San Luis Obispo	Administration HVAC Replacement	P	411,000	411,000	0	411,000	352,565,000
San Marcos	Craven Hall HVAC Renewal	PWC	12,977,000	780,000	12,197,000	12,977,000	365,542,000
San Marcos	Service Road - Life/Safety Upgrades	PWC		195,000	1,776,000	1,971,000	367,513,000
San Marcos	Underground Piping Repl. Academic Hall to Univ. Hall	PWC	2,158,000	206,000	1,952,000	2,158,000	369,671,000
Sonoma	Salazar Hall Building Renewal (Academic Excellence Ctr.)	CE		0	6,098,000	6,098,000	375,769,000
Sonoma	Schulz Info. Ctr. Building Renewal (Student Success Ctr.)	CE		0	2,442,000	2,442,000	378,211,000
Sonoma	Classroom Renewal and Modular Units	PWcCE		947,000	2,124,000	3,071,000	381,282,000
Stanislaus	ADA Barrier Removal	PWC		83,000	750,000	833,000	382,115,000
Stanislaus	Acacia Court HVAC Replacement (Stockton Ctr.)	PWC	5,105,000	360,000	4,745,000	5,105,000	387,220,000
Systemwide	Statewide Energy Storage Program	PWC		36,302,000	0	36,302,000	423,522,000
Systemwide	HVAC and Electrical Upgrades	PWC	30,000,000	0	50,000,000	50,000,000	473,522,000
Total ACADEMIC Infrastructure Improvements Program			\$ 230,372,000	\$ 114,394,000	\$ 359,128,000	\$ 473,522,000	\$ 473,522,000