

SUBCOMMITTEE NO. 1

Agenda

Senator John Laird, Chair
Senator Dave Min
Senator Rosilicie Ochoa Bogh



Wednesday, February 3, 2021
10:00 a.m.
State Capitol - Room 4203

Consultant: Anita Lee

Items for Discussion

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Public Comment

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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, recommend 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.

3-YEAR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2019-20	2020-21	2021-22	2019-20*	2020-21*	2021-22*
5560 Support	51,293.0	48,297.9	48,297.9	\$11,666,659	\$9,958,211	\$10,313,262
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	51,293.0	48,297.9	48,297.9	\$11,666,659	\$9,958,211	\$10,313,262
FUNDING				2019-20*	2020-21*	2021-22*
0001 General Fund				\$4,354,669	\$3,698,329	\$4,053,880
0895 Federal Funds - Not In State Treasury				1,511,093	1,424,623	1,424,623
0948 California State University Trust Fund				5,795,897	4,832,759	4,832,759
3085 Mental Health Services Fund				3,000	-	-
3290 Road Maintenance and Rehabilitation Account, State Transportation Fund				2,000	2,500	2,000
TOTALS, EXPENDITURES, ALL FUNDS				\$11,666,659	\$9,958,211	\$10,313,262

Issue 1: Base Budget Increase**Background**

Base Budget. Since 2013, following the Great Recession the state has provided CSU annual base increases ranging from \$30 million ongoing in 2018 to \$193 million ongoing General Fund in 2019. However, in 2020, the impact of the COVID-19 pandemic and the associated economic downturn led the state to reduce state support at CSU. While the 2020 budget provided a base increase of \$199 million General Fund ongoing to CSU, the budget also included a \$498 million reduction, this resulted in a net reduction of \$299 million ongoing or 7.4 percent. The budget bill specified that this reduction would be restored if federal funding was provided to the state by October 2020. However, this did not occur. The 2020 budget included intent language that CSU use reserves to mitigate cuts, and that the cuts do not have a disproportionate impact on low-income students, students from underrepresented minority groups and other disadvantaged groups.

The 2020 budget also requires CSU to report on level of cuts by campus, a description of the stakeholder consultation process used to make the cuts an explanation of how those actions were decided, and a description of how the CSU's decisions minimize harm to the enrollment of and services provided to students eligible for Pell Grants, students from underrepresented minority groups, and other disadvantaged students. In November 2020, the CSU submitted the report to the Legislature, and noted that after consultation sessions with campus presidents and stakeholders, it was decided that the reduction would be allocated to campuses based on two methodologies: (1) a pro-rata across-the-board reduction based on 2019-20 campus operating budgets, and (2) a campus reduction based on the number of students that were not Pell Grant eligible in 2018-19, this resulted in each campus base budget being reduced by \$793 for every non-Pell grant eligible student enrolled at the campus. Each methodology was applied to half of the budget shortfall. Campus reductions ranged from \$5.6 million to \$28 million.

CSU utilized a number of one-time sources to temporarily support the \$299 million funding drop for 2020-21, including the use of designated balances and reserves, the federal CARES Act funding (described below), a slowdown in hiring and a halt on travel. The Chancellor's Office surveyed campuses in August 2020 and January 2021 and found that campuses planned to use over \$200 million or about half of their unrestricted reserves in the 2020 to help address the budget shortfall. However, it is unclear what the actual reserve use will be given the various cost savings strategies mentioned above as well as the two rounds of federal assistance. The CSU will have final data on use of balance and reserves in the summer. The impact of these reductions will vary by campus, for example, prior to the COVID-19 pandemic, San Francisco State already had operating budget challenges due to declining enrollment, whereas other campuses have been able to avoid layoff notices by implementing budget savings strategies.

Federal Assistance. The Federal Coronavirus Aid, Relief and Economic Security (CARES) Act provided \$14 billion in higher education emergency relief funds (HEERF). This funding was allocated to institutions based on a formula that included the number of full-time equivalent (FTE) undergraduate students receiving Pell Grants, and the number of FTE undergraduate and graduate students not receiving Pell Grants. Of this funding \$1.7 billion was allocated to California institutions, with CSU receiving approximately \$525 million. CSU also received \$38.3 million for campuses designated as minority serving institutions. Institutions are required to spend at least half of these funds on student financial aid. Students, in turn, could use their financial aid grants for expenses related to campus disruptions resulting from COVID-19. The remainder was available for institutional expenses associated

with changes in instructional delivery due to the pandemic. Qualifying institutional expenses ranged from paying for technology and faculty professional development to providing student refunds for housing and dining programs as campuses shifted to remote operations.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which was signed on December 27, 2020, provides \$23 billion for the second round of HEERF to colleges and universities, and funding will be distributed based on a funding formula focused on both FTE and head count enrollment and Pell Grants recipients. It also directs a larger share of the new relief funds toward institutions that enroll many part-time students, including community colleges. In contrast to the CARES Act formula, the CRRSAA formula accounts for certain students enrolled exclusively in distance education before the start of the pandemic, though their weight in the new formula is very small. CSU estimates that campuses will receive approximately \$853.8 million from the CRRSAA, of which \$262.7 must be spent on student aid.

CRRSAA requires institutions to use the same amount of funding for student emergency aid as they were required to under the CARES Act. CRRSAA allows student aid to be used for the regular costs of college attendance or emergency costs related to COVID-19. CRRSAA also includes a new requirement that institutions prioritize financial aid grants for students with exceptional need, such as those students qualifying for Pell Grants. Whereas the CARES Act specified that institutional relief was for expenses related to changes in instructional delivery due to COVID-19, CRRSAA allows institutions to use their funds for expenses and lost revenues associated with COVID-19, as well as certain student support activities.

Lastly, CRRSAA also provides California with \$341 million for the Governor's Emergency Education Relief Fund, initially created under the CARES Act. Of this amount, \$187 million is reserved for assistance to private K-12 schools. California has discretion to spend the remaining \$154 million on emergency grants to elementary and secondary schools, higher education institutions, or other education-related entities. Under the CARES Act, the state chose to allocate all of its Governor's Emergency Education Relief funds for elementary and secondary education. The Administration has not yet indicated whether it intends to allocate any of the new Governor's Emergency Education Relief funds for higher education.

On January 14, 2021, President Biden outlined his American Rescue Plan, which would expand the HEERF with \$35 billion to public higher institutions, historically black colleges and universities and other minority serving institutions, and \$5 billion to a Governor's fund to be used for either education or PreK-12. The announcement noted that this funding will provide up to an additional \$1,700 in financial assistance to students. Details and bill language have not been released on the proposal.

CSU Enrollment Update. The CSU enrolled its largest ever student body for the fall 2020 term with 485,549 students, surpassing the previous enrollment high of 484,297 in Fall 2017. Despite the pandemic, the CSU received more than 800,000 duplicated undergraduate applications for fall 2021, down just four percent from last year.

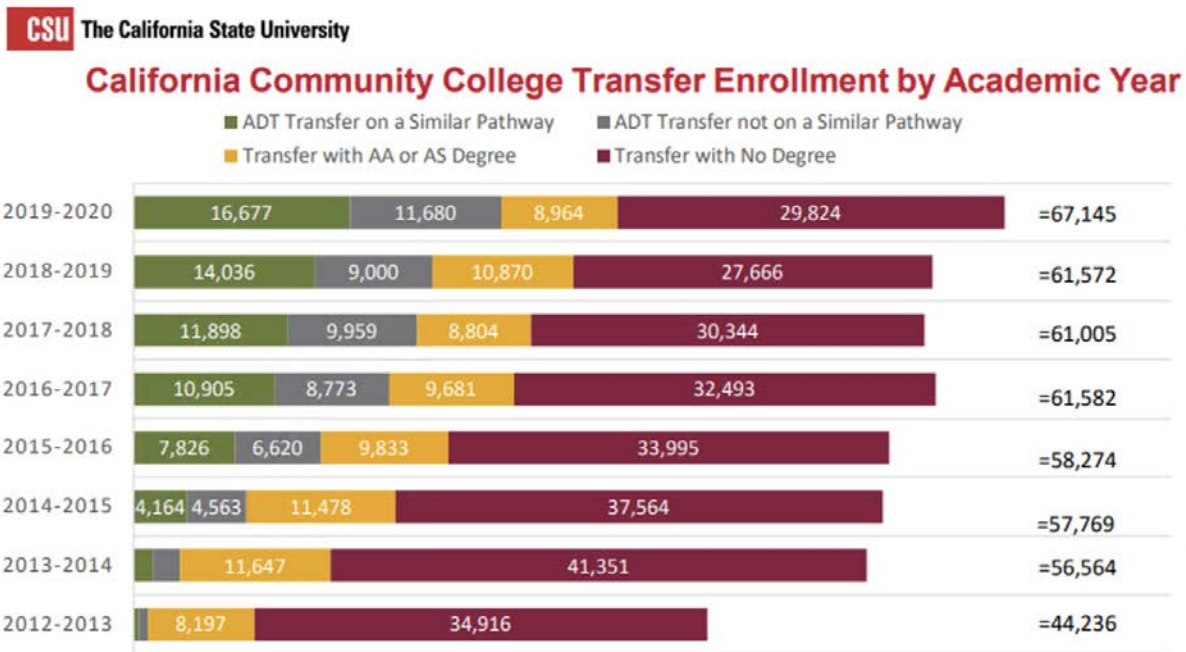
CSU Tuition. Since 2011-12, tuition rates have remained relatively constant with an inflation increase of \$270 in 2017-18. The CSU systemwide tuition is \$5,742 per year for a resident undergraduate student. In addition to the systemwide tuition, each campus also charges mandatory campus-based fees, which on average is \$1,621. The CSU tuition and fee average is \$7,363. According to the CSU, 84 percent of student receive financial aid and 73 percent of undergraduate financial aid recipients receive

enough grants and scholarships to cover the cost of tuition. CSU reports that the average debt for a CSU baccalaureate degree recipient is \$17,978, this lower than the statewide average of \$22,585 and the national average of \$29,200. It is unclear if CSU plans to increase tuition for the 2021-22 academic year.

CSU Transfer and Associate Degree for Transfer (ADT). There are currently multiple paths a student may take to transfer to a CSU, such as through an ADT, associate degree, or transfer after earning a few credits, or earning enough credits to reach junior standing and transfer. Navigating the numerous transfer pathways, including the different admission requirements, general education and major requirements, which vary across systems and campuses, often creates confusion and barriers for a students' academic success. In an effort to create clearer pathways from California Community Colleges (CCC) to CSU, SB 440 (Padilla), Chapter 428, Statutes of 2010, and SB 1440 (Padilla), Chapter 20, Statutes of 2013, established the ADT at the CCC.

A CCC student earns an ADT after completing 60 transferable coursework, including a minimum of 18 units in a major or area of emphasis and either 39 or 42 units of general education. Existing law requires the CSU to guarantee admission with junior status to CCC students who earns an ADT and has at least 2.0 GPA. Junior status means that a student can complete their bachelor's degree within two years of transferring. While a student is guaranteed admission, statute specifies that the ADT does not guarantee admission for a specific major or campus. CSU is also required to grant ADT students priority admission over all other community college transfer students. Additionally, CSU is required to grant student priority admission to their local CSU campus, and a program or major that is similar to their CCC major and area of concentration. The determination of which ADT programs are "similar" is left to the discretion of CSU campuses. Moreover, statute requires CSU to redirect students who complete ADTs but are denied admission to the campus they applied to another CSU campus with available capacity. Statute also requires CSU to annually report by December 1st the number of students admitted with an ADT, the proportion of ADT students who graduate from CSU within two or three years, number of ADT student who were redirected, and enrolled.

On January 26, 2021, the CSU Board of Trustees Committee on Education heard an update on the ADT. The Board agenda item notes that there are currently 40 ADT pathways and all community colleges (except Calbright College) offers an ADT program. CSU notes that when reviewing the major preferences of students transferring from a CCC to a CSU, these pathways account for 90 percent of their preferred majors. The CSU notes that the top CSU majors of ADT transfer students is psychology with almost 3,000 students, followed by business administration, sociology and criminal justice. As shown on the display below, in 2019-20, more than 28,000 new transfer students enrolled at the CSU having first earned an ADT, this is about five percentage points over the prior academic year. Since 2012, students transferring with an ADT grew from three percent to about 42 percent. While the number of ADTs and transfer students have grown over the last several years, about 41.2 percent of new ADT transfers were enrolled in a pathway not similar to their ADT.



CSU also notes that 55 percent of ADT students who transferred into a similar pathway in fall of 2018 were able to graduate in two years. This compares to about 47 percent of ADT students enrolled in a not similar pathway and 40 percent of students who had no degree or an AA degree.

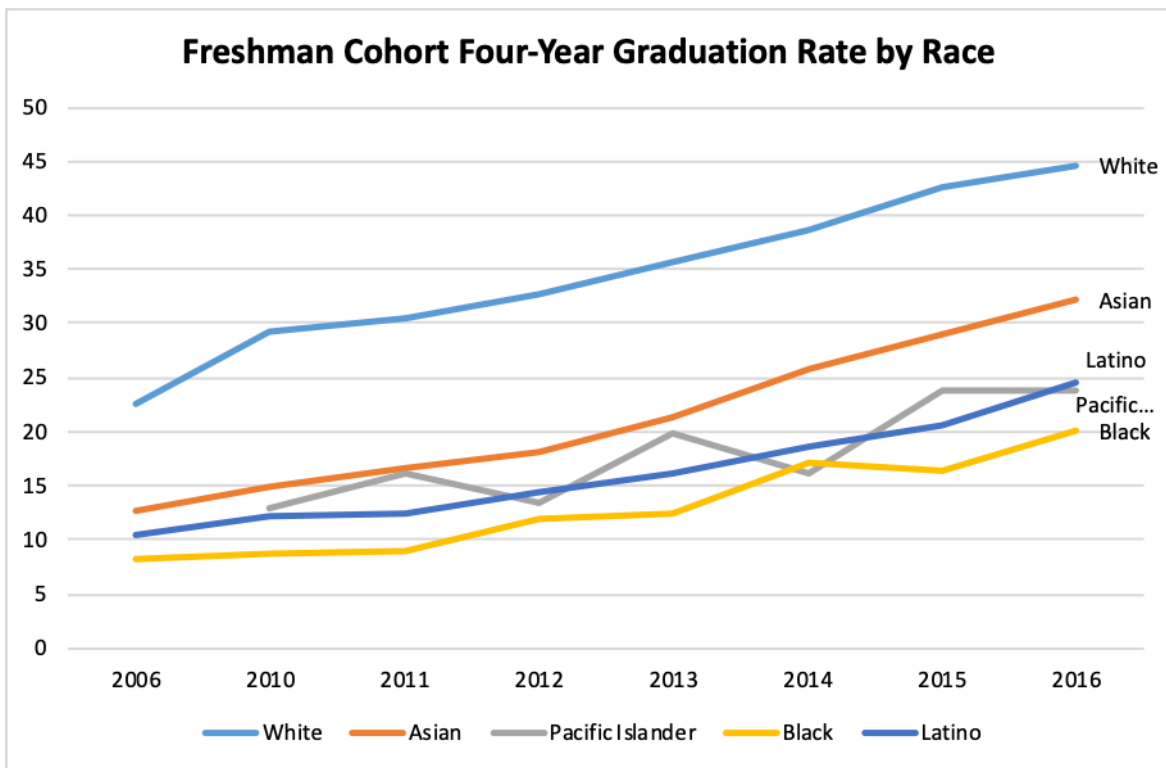
While the number of students who have transferred over the decade, the Campaign for College Opportunity’s recent report, *10 Years After Historic Transfer Reform – How Far Have We Come and Where Do We Need to Go?*, noted that share of ADT transfers on a similar path upon enrollment varies greatly across the CSU campuses. For example, just 11 percent of CSU Pomona’s, 12 percent of San Luis Obispo and 13 percent of Humboldt’s new transfer students were enrolled in a similar pathway compared to 43 percent of CSU Fullerton’s, 29 percent of San Diego and 30 percent of Long Beach’s new transfer students. A majority of CSU campuses have less than 25 percent of their transfer students on an ADT similar pathway.

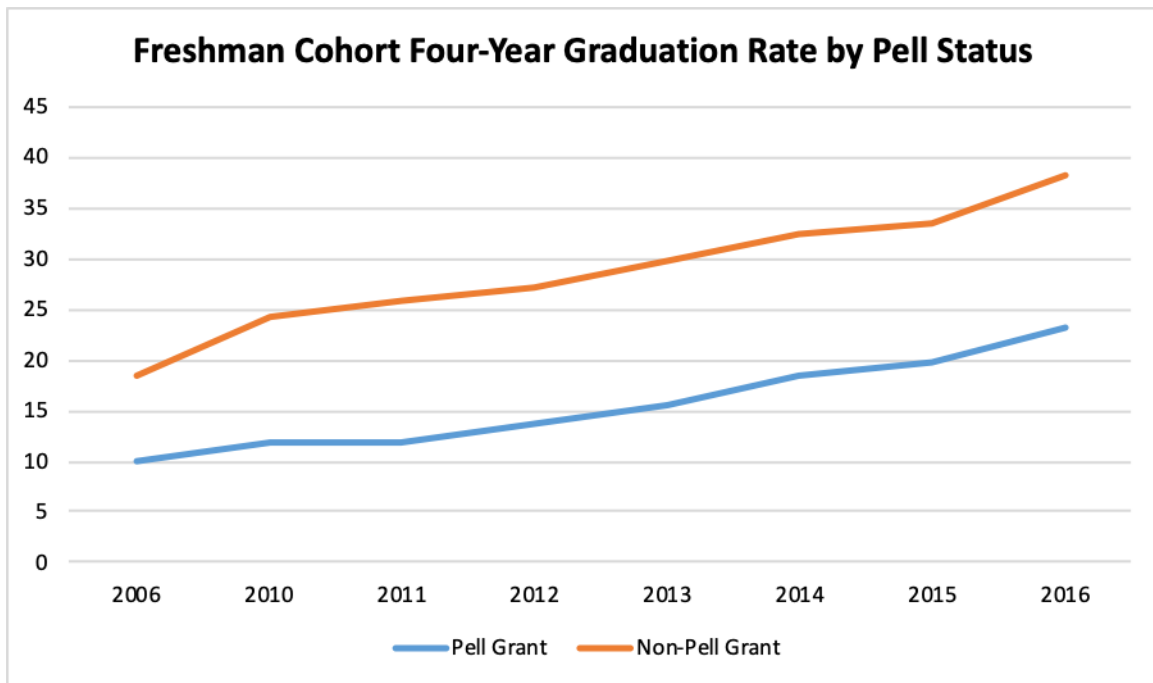
Graduation Initiative 2025. Historically, CSU’s four-year graduation rate for incoming freshmen was below 20 percent and the two-year graduation rate for transfer students was below 30 percent. To address its low graduation rates, CSU launched the Graduation Initiative 2025 and set a systemwide goal to increase the four-year graduation for first time freshman at 40 percent, and the two-year transfer graduation rate at 45 percent by 2025. Currently, the systemwide four-year graduation rate is 31 percent and the two-year graduation rate is 44 percent.

Over the five years, the state has made significant investments in the CSU Graduation Initiative 2025. The 2019-20 budget provided \$75 million ongoing General Fund and \$30 million one-time General Fund for the Graduation Initiative 2025, the 2018-19 budget provided \$75 million ongoing, the 2017 budget provided \$12.5 million one-time, and the 2016 budget provided \$35 million one-time. The 2019 budget required CSU to report on the distribution of funds to campuses, how funds were used, how they were linked to best practices for student success, data on outcomes, how campuses are working to close equity gaps, and growth in management, faculty and support staff positions.

On January 15, 2021, the CSU report to the Legislature and notes that in 2019-20, CSU awarded nearly 110,000 bachelor’s degrees, which is the highest number in its history and an increase of more than 23,000 compared to 2015. Additionally, CSU achieved their highest retention rate with 85.5 percent of first-year students who returned for a second year. The report notes that the Graduation Initiative 2025 awards to campuses range from \$1.16 million to \$5.93 million. The report highlights various investments including increasing academic support services, promoting higher unit loads, redesigning curricula, hiring faculty, supporting faculty and student proficiency in virtual learning, among others. The January report also highlights some strategies campuses used to reduce achievement gaps, such as the creation of a pilot program focused on retention of first-generation students, hiring of peer mentors, providing additional instructional support, providing equity minded professional development, among others.

The Graduation Initiative 2025’s also seeks to eliminate equity gaps between students who are underrepresented minorities and their peers. As shown on the graphs below, four-year graduation rates across various student groups have increased overtime, however, there has not been significant systemwide changes in closing the achievement gap. The CSU notes that systemwide, the gap between Pell-recipient students and their peers narrowed one percentage point from 10.2 to 9.2. The CSU also slightly narrowed of the equity gap for students who identify as African-American, Native American or Latinx from 11.1 percentage points to 10.5 percentage points.





The CSU notes that in the spring of 2021, the CSU will establish a new advisory committee which will provide recommendations to: (1) implement universal adoption of strategies with demonstrated efficacy in improving student retention and graduation; (2) establish campus-based metrics that would assist with accountability and allocation of Graduation Initiative 2025 legislative funding; (3) determine viable strategies to more aggressively close equity gaps, with targeted campus-by-campus analysis and adaptation; and (4) disseminate and review progress reports for the system and campuses to guide future areas of focus.

Governor's Budget Proposal

The Governor proposes an increase of \$111.54 million General Fund ongoing to support CSU operational costs. As a condition of receiving these funds, CSU must do the following:

- 1) Submit a report by June 30, 2022 detailing plans to annually reduce equity gaps by 20 percent by 2025. To the extent possible, the CSU must coordinate with the University of California and Community Colleges to establish shared definitions and metrics regarding equity gaps,
- 2) Adopt policies by June 30, 2022 requiring campuses to maintain their online courses and programs by at least 10 percentage points higher than the amount offered in 2018-19, and
- 3) Create a standalone dual admissions pathway providing guaranteed admission to the CSU upon completion of an Associate Degree for Transfer (ADT), or its CSU equivalent, at a community college, if the student completed it within two academic years. The pathway must be designed to achieve the following goals: increase access to CSU for underrepresented students experiencing geographical or financial challenges, to increase underrepresented graduation rates and decrease student costs, improve transfer pathways between CCC and CSU, and increase predictability for student and institutional planning. The Administration notes that there will be accompanying trailer bill to implement this proposal. As of writing this agenda, the Administration has not released this language.

In addition to the conditions described in the budget bill, the Governor's Budget Summary states that the additional investments are provided to the CSU with the expectation that the CSU will maintain resident undergraduate tuition and fees at existing levels for the 2021-22 academic year. This language is not included in the budget bill.

CSU Budget Request

The CSU requests \$299.04 million General Fund ongoing to restore the 2020-21 reductions, and \$56.97 million to cover mandatory costs, this includes: \$16.5 million to implement the AB 1460 (Weber), Chapter 32, Statutes of 2020 ethnic studies requirement, \$23.78 million to address increases in health benefit costs, \$11.34 million for maintenance of new facilities and \$5.36 million for minimum wage increases. The CSU also requests \$120 million General Fund ongoing for the Graduation Initiative.

Staff Comments

Under the Governor's budget proposal, \$111.54 million of the \$299.04 million reduction would be restored, and \$187.5 million of the reduction would remain. The CSU notes that if the full reduction is not restored, then campuses will need to make permanent, ongoing cost reductions. As noted previously, CSU received an estimated \$1.42 billion in federal assistance, of which an estimated \$524 million was for direct student aid.

CSU Transfer Pathway. The Governor proposes the creation of a new dual admissions pathway to provide guaranteed admission upon completion of an ADT, or its CSU equivalent, at a community college. Based on conversations with the Department of Finance, the proposal would allow first-time eligible and ineligible freshman applicants to apply for CCC and transfer to the CSU for guaranteed admissions at the same time. While the trailer bill language is not available yet, the Administration believes that locking in admission at earliest possible moment of their college experience will give students more control over their education, and will help overcome financial and geographical constraints.

The Governor's proposal raises questions about campus enrollment planning as well as whether this will impact availability of transfer enrollment slots for students that are not in the dual admissions pathway. Furthermore, the Administration notes that this proposal would provide guaranteed admission in the beginning of the pathway prior to students meeting CSU eligibility criteria. The Administration notes that it is the goal for an equal distribution between students who meet and those who do not meet eligibility requirements until completing a transfer pathway. The subcommittee may wish to consider if it the creation of a new transfer process or program is more appropriate to be discussed in policy committee. Additionally, it is unclear if the creation of a new program will address the complex issues that students face when navigating the transfer process, or if it will create greater confusion. The subcommittee may also wish to consider if it is more prudent to address existing challenges in the transfer process, such as campus or departmental requirements, or if creating a new pathway is the appropriate solution.

Online Education Policy. As a condition of receiving additional base funding, the Governor's requires CSU to adopt policies by June 30, 2022 requiring campuses to maintain their online courses and programs by at least 10 percentage points higher than the amount offered in 2018-19. The Administration believes that this will provide students with greater access and more flexibility when

pursuing postsecondary education. CSU is still reviewing their level of online course and program offerings in 2018-19, and the Administration is finalizing the specific measure regarding how the CSU should calculate their online course baseline. In general, CSU notes that there are courses that could translate well to virtual learning, such as large lectures or seminars, which could remain online. CSU notes that courses that are more hands on, such as labs and clinical experiences might have some virtual components, however they will likely need to have a substantial in-person component.

In the spring of 2020, the California Student Aid Commission (CSAC) conducted a COVID-19 student survey of approximately 61,000 currently enrolled college students who applied for financial aid across the higher education segments, including the private sector. Of the respondents, 30 percent were continuing CSU students, and 42 percent were CCC students. The survey found that 90.25 percent of students were concerned about having to take college classes online during spring 2020 because of COVID-19. The survey found that over 80 percent of students have changed some aspect of their plans for fall of 2020 or were uncertain of their plans. The survey found that 22 percent of students who planned to change or were uncertain of their fall plans was because they did not want to take online classes. In fall 2019, more than 5,000 self- and state-support CSU course sections were offered fully online. In spring 2020, the CSU transitioned approximately 74,000 course sections from face-to-face to remote delivery. Given the significant shift in teaching modality during COVID-19, the Legislature may wish to consider the impact and outcomes of online courses, including course completion and success, course type, by campus, student level and demographics. Additionally, the Legislature may wish to consider the varying levels of online course offerings at campuses, campus needs, and capacity to provide additional online education.

Graduation Initiative 2025. The Governor's budget does not designate increased funding for the Graduation Initiative. Instead, the Governor proposes that as one of the conditions of receiving the base increase, CSU must submit a report by June 30, 2022 detailing plans to annually reduce equity gaps by 20 percent by 2025. To the extent possible, the CSU must coordinate with the University of California and CCC to establish shared definitions and metrics regarding equity gaps. While overall graduation rates have increased overtime, equity gaps have remained somewhat consistent. The Administration notes that the current strategies that CSU employs are broader based and focused on all students, and greater focus is needed on closing the equity gaps. The Administration expects the CSU to develop specific, actionable strategies and campus programs to address this issue. Staff notes that a systemwide and campus targeted approach in addressing student equity gaps may be helpful in tackling this longstanding issue.

The subcommittee may wish to ask:

1. What is the rationale for not backfilling the base reduction to CSU?
2. Does CSU plan to increase tuition in fall of 2021 or fall of 2022?
3. What is the rationale for conditioning the base increase to the adoption of an online education policy, the dual admissions pathway and plan to annually reduce equity gaps by 20 percent?
4. What is the rationale to increase online education course by 10 percent compared to 2018-19? Has CSU done an analysis on the need and demand for such programs and classes? Do all campuses have the capacity to do this? How will CSU and the Administration address student concerns about online education?
5. How will the proposed dual admission pathway make it easier for students to transfer? Will this proposal enable students to be admitted to their campus and pathway of choice?

Staff Recommendation. Hold Open.

Issue 2: Student Supports and Basic Needs**Background**

Over the last several years, the state has made significant investments to support students, including food pantries, resources to support students experiencing homelessness, and mental health services. The descriptions below highlight some of these budget actions.

Basic Needs. A 2018 CSU basic needs study found that 71 percent of students were not aware of on-campus emergency, and 51.9 percent of student were not aware of an on-campus food pantry. The study found that first generation African American students experience homelessness at considerably higher rates (18 percent) than that of any other first-generation group (9.6 percent to 12.6 percent). Black and African American first-generation students also had the highest levels of food insecurity (65.9 percent). In general, 41.6 percent of CSU students reported some level of food insecurity.

All 23 CSU campuses have a food pantry or food distribution program and offer students CalFresh application assistance. Additionally, as of January 2020, nine campuses accept Electronic Benefit Transfer (EBT) with additional campuses in development, and 13 campuses have dedicated Basic Needs Centers. Over the last several years, the state has invested \$19 million General Fund to address CSU student basic needs.

The 2017-18 budget provided CSU \$2.5 million one-time General Fund 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 \$194 per month, (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, 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. 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.

The 2019-20 budget provided an increase of \$15 million one-time General Fund to support basic needs partnerships and requires CSU to work with the Department of Social Services (DSS) to assess the effectiveness of CalFresh and other state departments and programs in addressing food and housing insecurities. The CSU was required to submit a report to the Legislature by March 1, 2020 on the use of funds. This report noted that 22 campuses received funding ranging from \$310,000 to \$640,000 for basic needs initiative. In total, \$12.2 million was distributed directly to campuses, \$600,000 for technical assistance and assessment, \$700,000 for research and evaluation, including the establishment of two basic needs focused research centers, and \$1.5 million will be allocated for system-wide professional development and a secondary round of awards in 2021-22. The report highlighted eight campuses with

innovative strategies, including Chico State, which established a partnership with Northern Valley Indian Health to provide basic and preventative dental services for students on campus on a pilot basis.

Student Homelessness and Housing Insecure. The 2019-20 budget included \$6.5 million ongoing General Fund for rapid rehousing to assist homeless and housing insecure students. Campuses must establish ongoing partnerships with community organizations to provide wrap around services to students. Funding may be used to connect students with case managers, establish ongoing emergency housing procedures, and to provide emergency grants to students. The budget requires CSU to annually report, starting on July 15, 2020 regarding use of these funds, specified outcomes such as students served and other data. The 2020 report noted that 14 campuses submitted a proposal funding, and seven (Chico, Long Beach, Pomona, Sacramento, San Diego, San Francisco and San Jose) were allocated funds in early 2020. The CSU estimates that 421 students will be served during the first year, with number of students served per agency ranging from 16 to 125. Of the \$6.5 million, \$1.54 million was distributed to campuses and \$4.54 million was distributed to external partners. The report that details the use of funds, including number of coordinators hired, students served will be provided by June 1, 2021.

The CSU notes that while the campus allocation was distributed in January 2020, the work with external agencies was a lengthier process, and as a result the 2019-20 allocation to external partners remained available to address other housing needs of students within the system.

Student Mental Health Services. The 2019-20 budget provided \$3 million one-time from Proposition 63 state administration account to support student mental health services. The budget required a report to the Legislature by April 1, 2020 on the use of funds, how funds were distributed, outcomes of programs, information about the programs and students served, and plans to sustain the mental health programming. The CSU reported that 22 campuses received an award of either \$125,000 or \$150,000, and \$125,000 was allocated for mental health related technology expenditures.

All campuses have a student health center, which licensed professionals provide basic health services, consultation and referral to off-campus providers as needed. The student health center is supported by student fees. In 2020-21, each campus charged a mandatory student health fee averaging \$353, ranging from \$150 to \$666. For qualifying students, campus fees may be covered by student financial aid programs. Campus based fees are not allowed to substantially exceed 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. In response to COVID-19, counseling services are being offered through telehealth.

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 must address mental health crisis that occur during counseling centers hours of operation, (4) campuses must 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. The number of full-time equivalent counselor's systemwide increased from 223 in the fall of 2018 to 247 in the fall of 2020. This is an increase of 24 FTEs over two years. 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. CSU notes that an updated counselor ratio is currently not available.

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 percent 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.

Summer Financial Aid. The 2019-20 and 2020-21 budget provided \$6 million one-time General Fund for the CSU summer financial aid program to waive summer tuition and fees for students eligible for state financial aid. The budget specified the program will be suspended on December 31, 2021.

Federal Assistance. As noted previously, the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act provided CSU approximately \$525 million. Institutions are required to spend at least half of their allocations on emergency financial aid students, with the remainder for institutional relief. CSU used \$262 million of these funds to provide students with emergency financial aid. Based on federal guidance, all undergraduate, graduate and professional students at CSU who are eligible to receive federal financial aid may receive HEERF grants. International students and undocumented students were not eligible to receive HEERF, instead, these students could receive grants through campus-based emergency programs supported through other sources, such as foundation, operating funds and lottery funds. Based on CSU Guidance, campuses should distribute grants to students by taking into account student equity, with students receiving different levels of grant proportional to their financial difficulty. In general campuses had the autonomy to determine the amount of funding for each group of students based on need, with awards ranging from approximately \$100 to \$1,000 per student depending on the campus.

As noted previously, the CRRSAA requires institutions to use the same amount of funding for student emergency aid as they were required to under the CARES Act. CRRSAA allows student aid to be used for the regular costs of college attendance or emergency costs related to COVID-19. CRRSAA also includes a new requirement that institutions prioritize financial aid grants for students with exceptional need, such as those students qualifying for Pell Grants. Whereas the CARES Act specified that institutional relief was for expenses related to changes in instructional delivery due to COVID-19.

Governor's Budget Proposal

Emergency Student Financial Aid. The budget proposes \$30 million one-time for emergency financial assistance grants for full-time, low-income students with a 2.0 GPA in the last year and a half, or students who were working full-time for at least one year over the past two fiscal years and not enrolled as a full-time student. This funding will be distributed to campuses based on the headcount number of students at the campus who are eligible to receive Pell Grant financial aid as well as AB 540 (Firebaugh), Chapter 814, Statutes of 2001 students who meet the income criteria applicable to the California Dream Act application. Low-income is defined as meeting requirements to receive Pell Grant or AB 540 students who meet income criteria applicable to the California Dream Act application.

Basic Needs Initiative. The budget proposes \$15 million ongoing for the Graduation Initiative to sustain and expand the CSU Basic Needs Initiative.

Mental Health and Technological Devices. The budget proposes \$15 million ongoing to support to enable all students to have necessary technological access to electronic devices and high-speed internet connectivity, and to increase student mental health resources.

In addition, the budget bill requires a report by March 1 each year regarding the use of funds for the Basic Needs Initiative and Mental Health and Technological Devices. The report includes a description of the amount of funds distributed to campuses, a description of the programs the campuses invested in, a description of funds were spent, list of campuses that plan to participate in EBT and CalFresh Restaurant Meals Programs, list of emergency housing plans by campus, description of how campuses leveraged other resources, and an analysis of how outcomes and impacts on student persistence and achievement.

Summer Financial Aid. The budget proposes to shift the suspension date for the CSU financial aid program from December 31, 2021 to December 31, 2022. The suspension would be lifted if the Administration determines through the 2022 budget act process that there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.

CSU Budget Request

The CSU requests \$150 million ongoing General Fund to support the CSU Graduation Initiative. Of this funding \$30 million is to support the Basic Needs Initiative to support students experiencing food and housing insecurities, unanticipated financial distress, mental health concerns and overall health and safety challenges. CSU also requests \$6 million in additional funds for early budget action to support emergency financial aid for AB 540 and undocumented students.

Staff Comments

In the spring of 2020, the California Student Aid Commission (CSAC) conducted a COVID-19 student survey of approximately 61,000 currently enrolled college students who applied for financial aid across the higher education segments, including the private sector. Of the respondents, 30 percent were continuing CSU students, and 42 percent were CCC students. The survey found that prior to COVID-19, 60 percent of students worried about paying for tuition and fees, 57.2 percent worried about paying for housing and food, 64.6 percent worried about taking a full load of classes, and 61 percent worried a lot for their personal health or well-being. After COVID-19, 85 percent of students worried about paying for tuition and fees, 84.4 percent worried about paying for housing and food, 90.4 percent worried about taking a full load of classes, and 92.3 percent worried a lot about their personal health or wellbeing.

The survey found that over 70 percent of students lost some or all of their income as a result of the COVID-19 pandemic, and over 80 percent of students have changed some aspect of their plans for fall of 2020 or were uncertain of their plans. The survey found that for many students, their plans changed due to reported financial hardship, and 22 percent stated that they did not want to take online classes.

Emergency Student Aid Grant. In April and May, California experienced an all-time high unemployment rate of 16.4 percent. This compared to just 3.9 percent in November 2019. As of December 2020, the state's unemployment rate is nine percent. As a result, many students and their families faced financial challenges, as referenced in the CSAC survey above. In response to this, the federal government awarded two rounds of emergency aid, totaling an estimated \$524 million at CSU. The Governor's January budget proposes an additional \$30 million in emergency financial aid. The estimated award amount will vary by campus based on the funds allotted to the campus and on the number of eligible students. CSU staff notes that based on the large number of Pell eligible students, and including AB 540 students, they do not expect the award amount to be very large.

CSU staff notes that the eligibility criteria requiring students to have worked full-time for at least one year over the past two years and not enrolled as a full-time student needs further clarification. The Administration notes that the intent of the employment language is to enable part-time students who needed to work full-time to be eligible for the funds. The Administration notes that it does not expand applicability of this funding to any part-time student irrespective of why they were classified as a part-time student. Staff notes that is unclear the number of part-time students who work full-time for at least one year over the past two years, especially considering the record high unemployment rate or low-income students that have familial obligations. Additionally, it is unclear if these students will also be required to be low-income and have at least a 2.0 GPA as required by other eligible full-time low-income students. The Legislature may wish to ask how easily the CSU can implement this.

Basic Needs. The Governor's budget proposes \$15 million ongoing for basic needs. CSU staff notes that this funding could be used to scale up existing programs, establish new ones, and invest in assessment and evaluation efforts. As structured now, this funding would be flexible for the full range of basic needs, including food insecurity, housing insecurity and homelessness, mental health crises, emergency funding crises, personal safety threats and digital learning needs. In 2019, the CSU noted 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. The Legislature also may wish to consider if campuses should also leverage additional federal resources and programs such as CalFresh.

Mental Health and Technological Devices. CSU staff notes that during the pandemic campuses provided approximately 25,200 devices and 12,000 hot spots, which were funded from all fund source types. The CSU did not collect data on the fund sources. CSU staff notes that the Governor's proposal could be used to support third party contracts to provide students with free or low-cost access to high-speed internet services, to purchase Mi-Fi/hot spots units, to support desktop/laptop purchases for students who are financially needed, and other academic accommodations for students with disabilities. While CSU has provided many devices to students, the CSAC survey found that 43.5 percent of students were not aware if their college provided laptops to students in need of technology during COVID-19, and 88 percent of students did not ask for a free or loaner laptop from their college.

As noted previously, student mental health services and staffing are mostly supported by mandatory campus-based health service fees. During the pandemic, all mental health services were conducted via telehealth. In this online modality, campuses saw an increase in participation in workshops, student groups and psychoeducational programs. One-on-one therapy sessions have held steady at most campuses. CSU notes that they do not have any data that suggests a backlog or waitlist for assistance. CSU staff notes that the Governor's budget proposal could support telehealth platforms, hire graduate

assistance, establish and maintain satellite care centers, higher additional mental health professionals and psychiatrists. It is unclear what the distribution of funds will be between mental health service and technology purchases and connectivity.

The subcommittee may wish to ask:

1. What is the rationale for combining mental health funds with technology funds?
2. What will be the distribution of funds be between mental health and technology purchases? How will this proposal ensure that campuses are meeting student demand for mental health services?
3. How can campuses leverage other state, local and federal resources, such as CalFresh and county behavioral mental health services, when addressing student basic needs?
4. How will the CSU administer the emergency financial aid funds? How much of the CRRSAA funds will be allocated for emergency financial aid? Will CSU be issuing guidance on how to distribute these funds, and how much campuses should use for this purpose? Did the Administration take into consideration the additional federal funds

Staff Recommendation. Hold Open.

Issue 3: Deferred Maintenance**Background**

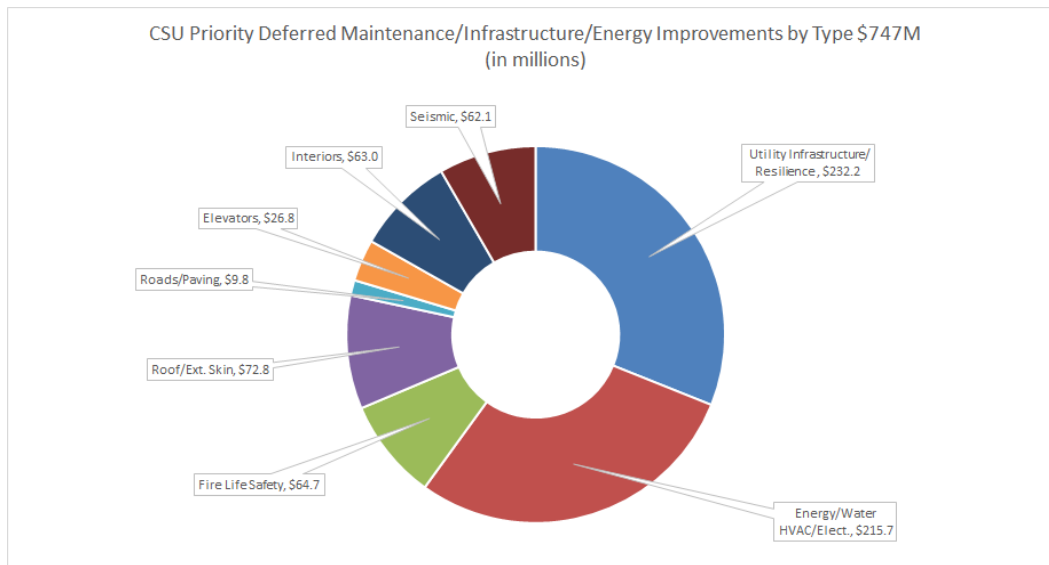
Prior to 2014-15, the state sold bonds to support CSU's academic facilities and paid the associated debt service. Beginning in 2014-15, the state altered this approach by authorizing CSU to use its operating funds to finance deferred maintenance, facility renewal and renovations, building replacements and new facilities to serve enrollment growth. 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.

Over the last several years, the state has provided CSU with one-time funding for deferred maintenance. The 2016-17 and 2018-19 budgets provided \$35 million in one-time General Fund for both years for deferred maintenance. The 2019-20 budget provided \$239 million one-time General Fund to support deferred maintenance and child care center projects. The budget required the Department of Finance to notify the Joint Legislative Budget Committee regarding the list of projects and the associated costs 30 days prior to allocation of funds. In response to the COVID-19 economic downturn, the 2020-21 budget authorized CSU to redirect up to \$146 million General Fund in unspent deferred maintenance funds from 2019-20 to be used in 2020-21 to support core operations, including enrollment and student support services. CSU has not opted to use this authority in the current year.

The 2019-20 budget included supplemental reporting language requiring CSU to report by January 1, 2021, a plan to ensure its academic facilities are well maintained. The maintenance plan must include estimates of annual spending, need, total amount of the backlog, and how much it would cost to eliminate the backlog. Additionally, the report must provide an update regarding seismic safety issues across campuses, and the cost, timeline and plan on how to address them.

The January 15, 2021 report estimates a renewal backlog of \$4.01 billion covering infrastructure, HVAC/energy, fire/life safety, building envelope, roadways, elevators, interiors and seismic. In addition, CSU estimates an annual average increase of \$308 million in deferred renewal need over the next 10 years. To adequately eliminate the existing backlog and the projected annual increases to that backlog, the CSU estimates it needs to spend \$708 million each year for the next ten years. Infrastructure and academic facilities deferred maintenance backlog varies by campus, ranging from \$15 million at Maritime Academy to \$356 million at San Jose State. In the most current Multi-Year Capital Plan addressing the five-year systemwide needs, campuses and the Chancellor's Office identified approximately \$750 million in priority deferred maintenance projects for the 2021-22 budget year. The CSU figure below categorizes the types of projects.



CSU reviews several factors in the allocation of deferred maintenance funds. These factors include: (1) critical infrastructure systems whose failure would result in an interruption of operations on either a campus wide or critical building level, (2) building systems such as HVAC, electrical, elevators, (3) replacing obsolete utility systems, (4) fire life safety and seismic projects, and (5) special needs projects such as making campuses more resilient considering climate change.

The CSU notes that many of their identified deferred maintenance projects provide for improved energy efficiency. For example, HVAC, electrical, building envelope or infrastructure project may improve energy efficiency or lower their water consumption. Of the \$750 million in projects identified in the 2021-22 budget year, over \$500 million fall into this category.

Governor’s Budget Proposal

The Governor proposes \$175 million one-time General Fund to address deferred maintenance and energy efficiency projects. The budget bill requires the Department of Finance to notify the Joint Legislative Budget Committee within 30 days of the release of funds and provide a list of projects to be supported by these funds.

CSU Budget Request

The CSU’s adopted budget requests \$50 million for academic facilities and infrastructure, which could cover facility renovation and improvement, such as seismic projects, critical infrastructure needs, system upgrades, facilities, and deferred maintenance. The CSU’s adopted budget also requests \$11.34 million to address mandatory costs of addressing maintenance of new facilities which are scheduled to open in 2021-22. This regular maintenance includes costs of utilities, building maintenance, custodial, landscape and administrative support. The Governor’s budget proposal is larger than the CSU’s budget request, however it is smaller than CSU’s stated need. The subcommittee may wish to ask how CSU plans to reconcile this, including which projects it will fund with this proposal.

Staff Recommendation. Hold Open

Issue 4: Various Governor's Budget Proposals**Governor's Budget Proposals**

In addition to the major proposals mentioned above, the Governor also proposes a variety of other budget proposals.

Learning Management System. The Governor's budget proposes \$2 million ongoing General Fund for the CSU to adopt a common learning management platform for online courses that aligns with the platform used by the California Community College system by the 2023–24 academic year.

Professional Development. The Governor's budget proposes \$10 million one-time to provide culturally competent professional development for faculty, including leveraging twenty-first century technology to improve learning outcomes.

Computing Talent Initiative at the California State University, Monterey Bay campus. The Governor's budget proposes \$10 million one-time General Fund to support the Computing Talent Initiative at the California State University, Monterey Bay campus.

CSU Stanislaus, Stockton Campus. The Governor's budget proposes \$1 million ongoing General Fund CSU Stanislaus to increase enrollment at the Stockton campus by 115 full-time equivalent students

Background and Staff Comments

Learning Management Systems (LMS). Colleges use learning management systems for both online and in-person classes. A LMS allows faculty to post course information (such as the syllabus), instructional content (such as readings and videos), assignments, and other material. Students use the system to access course materials, content, submit assignments, collaborate with classmates, communicate with instructors, and access help resources. Historically, each college has selected its own course management system from among several vendors. Currently, all community colleges, except Calbright College, utilize a single LMS platform, Canvas. Fourteen CSU campuses use the Canvas LMS, with two additional campuses to sign on by 2023. The remainder use a variety of other LMS systems.

The Administration notes by moving to a single platform, the CCCs were able to leverage deals with contracts and licenses, and create savings via economies of scale. The Administration believes that moving CSU towards the same platform as the CCCs will allow transfer students and other students taking courses across multiple campuses to have an easier time transitioning across institutions and from semester to semester. The CSU notes that this could lead to more competitive prices for LMS and create savings, and create streamlined services for faculty across systems, such as professional development and training. While the budget summary specifies the use of Canvas, the budget bill language does not specify a specific LMS, and instead references a common learning management platform used by CCCs.

Professional Development. Following Chancellor White's decision to continue with primarily virtual instruction in fall 2020, professional development was offered across the 23 campuses in summer 2020 and focused on redesigning courses. Faculty learned to balance the bandwidth required for various synchronous and asynchronous learning activities to create immediacy while ensuring students access

and to design alternate, equitable learning assessments. The CSU also scaled professional development to about 60 percent of their total teaching force and provided 250,000 hours of professional development programming. In past summers a typical CSU Center for Teaching and Learning would see 25 to 40 faculty visitors, this summer smaller campuses accommodated between 250 and 300 faculty members, while larger campuses served 1,000 faculty members or more.

The Administration notes that the proposed \$10 million one-time General Fund for professional development is to focus primarily on online and technologically heavy learning, such as professional development in online instructional design, online course delivery, and the utilization of technology in teaching courses. The Administration expects that this professional development integrates cultural competence and equity into the professional development. The CSU notes that moving forward, all forms of professional development should prepare faculty to teach in any environment or modality (in person, fully online, hybrid or blended), and should incorporate cultural competence. As the colleges reopen and repopulate in the fall, it is unclear the number of programs that will stay in the virtual setting. While the Administration notes that the primary focus of the proposal is for online instruction, the budget bill language is broader, and specifies culturally competent professional development for faculty, including leveraging twenty-first century technology. The Legislature may wish to clarify the proposed budget bill language. The Legislature may also wish to ask the CSU how much of the federal emergency funds were utilized to support professional development, and if the Administration took this into account when crafting this proposal.

Computing Talent Initiative (CTI) CSU, Monterey Bay Campus. The CTI seeks to build off of existing efforts to create a pipeline to address diversity in computer science. Since 2013, CSU Monterey Bay and Hartnell College operate a joint program, CSin3, which provides a pathway for students to earn a bachelor's degree in computer science in three years. In 2014-15, this program received a \$5 million innovation award from the state. Half of the coursework is completed at Hartnell and the other half at CSU Monterey Bay and students have access to resources at both institutions all three years. Students must be current high school seniors or college students with less than 30 units who are or will be eligible to enroll in a specific math and English course. This program has supported 429 students, of which 32.1 percent identified as female, 75.2 percent were underrepresented minorities, and 68.2 percent were first generation. The program also has a 68.7 percent four-year graduation rate, 57 percent have completed internships by their senior year, and 34.5 percent are employed before graduation. In 2018, the program was replicated at El Camino College and Cal State Dominguez Hill.

The Governor's budget proposal to provide \$10 million one-time General Fund will help support the creation of the CTI Hub, which will be an online platform where students, faculty and technology industry companies and professionals have access to resources, materials, workshops and training. This funding will also help support the CTI Accelerate, an 18-month career program for computer science majors that will provide workshops to prepare students for interviews, internship search, and help them connect with industry mentors. The funding will also support the creation of five new partnerships/demonstration sites between a community college and CSU or UC. This will be similar to the existing program at CSU Monterey Bay and Hartnell College. Based on the preliminary budget plan from the program, the investment will support the following: (1) \$2 million for the CTI operation, (2) \$3 million for CTI Accelerate student stipends, (4) \$1.5 million for demonstration site operations, (5) \$3 million for CTI demonstration sites student scholarships, and (6) \$0.5 million for data collection. In addition to these funds, CTI staff also will also seek private funding to help support these efforts.

CSU Stanislaus, Stockton Campus. In addition to their main campuses, CSU campuses also operate off-campus centers that serve undergraduates, graduate students and professional development. 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. CSU has 18 off-campus centers, of which eight for undergraduate instruction, and 10 of which are extension centers and are 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 2019-20 budget provided \$2 million one-time General Fund to study sites in San Joaquin County, and \$2 million one-time General Fund to study sites in Chula Vista, Palm Desert, San Mateo County, and Concord for a potential new campus. The scope of the study required an assessment of statewide enrollment demand and physical capacity of the 23 campuses, statewide workforce demand and alignment of the CSU's academic programs, analysis of the five sites and development timeline, and the impact a new campus would have on the specific region, existing CSU system and related institutions.

The California State University Enrollment Demand, Capacity Assessment and Cost Analysis for Campus Sites report was released on July 3, 2020. The report noted that the projected 2035 enrollment demand alone does not justify the development of a new 7,500 FTES CSU campus at any of the five evaluated locations, assuming construction of the physical capacity identified in the approved Master Plans at all 23 campuses is funded. The report noted that policymakers may consider other factors when evaluating expansion in these regions, such as equitable access for underrepresented students and alignment between academic programs and workforce demand.

The report notes that the Stanislaus State Stockton Off-Campus Center has a face-to-face enrollment of 219 FTES and capacity of 1,069 FTES, allowing the campus enrollment to grow without further capital investment. Enrollment at the Stockton campus has incrementally increased from 182 FTES in the fall of 2016 to 219 FTES in fall of 2020. The Administration's proposal will support an increase of 115 FTE at the campus, including students pursuing bachelor's degrees, post-secondary teaching credential, graduate and doctoral degree. The Administration notes that this is in recognition of growing demand for an educated workforce in the San Joaquin region. The report notes that in San Joaquin County, only 26 percent of the population, or 125,000 people, have higher education degrees compared to 40 percent statewide. San Joaquin County, the share of high school graduates without higher education degrees (51 percent) generally follows a trend similar to the overall demographics of the Upper Central Valley Cluster (52 percent) and is notably higher than the State of California (42 percent). This will be the first time that General Fund support will be dedicated to enrollment growth at an off-campus center.

Staff Recommendation. Hold Open.