

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 1

Agenda

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



Wednesday, May 18, 2022
9:00 a.m.
1021 O Street - Room 2100
Part A- Higher Education

Consultant: Christopher Francis, Ph.D.

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Public Comment

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DISCUSSION ITEMS

6440 UNIVERSITY OF CALIFORNIA
6610 CALIFORNIA STATE UNIVERSITY
6870 CALIFORNIA COMMUNITY COLLEGES

Issue 1: Higher Education Compacts with UC & CSU and Roadmap with CCC

Panel

- Rebecca Kirk, Department of Finance
- Jennifer Pacella, Legislative Analyst's Office
- Seija Virtanen, University of California
- Lizette Navarette, Community College Chancellor's Office
- Ryan Storm, California State University

Governor's May Revision Proposals for 2022-23

The Governor's May Revision includes the following as it relates to the Higher Education Compacts with UC and CSU & Roadmap with CCC:

- The May Revision maintains the Administration's commitment in the compacts for funding equivalent to a five-percent increase in base General Fund resources annually over five years for UC and CSU, contingent on the ability of each segment to advance the shared goals of the compacts. Additionally, the May Revision maintains the Administration's commitment to invest available Proposition 98 resources for the CCCs to support efforts mutually prioritized in the roadmap, and to provide additional fiscal resources to the Chancellor's Office to better support colleges in meeting these goals.

According to the Administration, most of the goals articulated for each segment in the Governor's Budget now reflect clear baselines and measurable targets for improvement within defined timelines. In some cases, gaps in currently available data were identified that presented a challenge in establishing reliable baseline information. For these goals, the segments have committed to improving data collection and including reliable baseline information and measurable targets for improvement in early progress reporting. Each segment will report annually—beginning later this year—on specific actions planned and underway to achieve each goal, quantified progress toward achieving each goal, and strategic collaborations with intersegmental partners to advance performance outcomes and benefit students.

Suggested Questions

- For CCC/CSU/UC: In your view, is the amount included in the May Revision enough to cover the ongoing cost pressures at your campuses and to uphold the agreements in the compacts and roadmap?
- Is DOF proposing compact reporting requirements in the budget, or is there anything in the compacts that you are seeking legislative approval of?

Staff Recommendation. Hold Open

6870 CALIFORNIA COMMUNITY COLLEGES

Issue 2: Various Governor's May Revision Proposals

Panel

- Dan Hanower, Department of Finance
- Jennifer Kaku, Department of Finance
- Paul Steenhausen, Legislative Analyst's Office
- Lizette Navarette, California Community College Chancellor's Office

Governor's May Revision Proposals for 2022-23

The Governor's May Revision includes the following ongoing and one-time proposals. These proposals are in addition to the Governor's January budget.

- **Apportionments Cost-of-Living Adjustment and Growth.** The May Revision includes an increase of \$83.5 million ongoing Proposition 98 General Fund to reflect a change in the cost-of-living adjustment for apportionments from 5.33 percent to 6.56 percent, and an increase of \$1.3 million ongoing Proposition 98 General Fund to sustain 0.5-percent enrollment growth. This amount is in addition to an increase of \$409.4 million ongoing Proposition 98 General Fund included in the Governor's budget.
- **Base Increase.** The May Revision includes an increase of \$250 million ongoing Proposition 98 General Fund to increase the Student Centered Funding Formula's (SCFF) funding rates for the base, supplemental, and success allocations. Additionally, the May Revision proposes \$125 million ongoing Proposition 98 General Fund to augment SCFF basic allocation within the base allocation, in recognition of the significant digital footprints that districts have developed to accommodate long-term shifts in student learning modality demand.

- **Discretionary Block Grants.** The May Revision includes an increase of \$750 million one-time Proposition 98 General Fund, attributable to the 2021–22 fiscal year, to community college districts for discretionary block grants to address issues related to the pandemic and to reduce long-term obligations.
- **Foster Youth Support Services.** The May Revision includes an increase of \$10 million ongoing Proposition 98 General Fund, above what was provided in the Governor’s Budget, to expand availability of foster youth support services offered by the NextUp program. The May Revision also includes statutory changes to reflect various modifications to the NextUp Program, including eliminating of the statutory cap and indicating that funds be provided to specified colleges within a community college district.
- **Augmentation for the Student Equity and Achievement program.** The May Revision includes an increase of \$25 million ongoing Proposition 98 General Fund for an approximately five-percent increase to the Student Equity and Achievement program.
- **CCC Chancellor's Office Support.** The May Revision includes \$2.6 million ongoing non-Proposition 98 General Fund to support shifting 10 positions proposed in the Governor’s Budget for 2023-24 to 2022-23, as well as 7 additional positions to support the implementation of the Cradle-to-Career Data System, assist colleges with affordable student housing, and build capacity to accommodate the increase in contracts and reporting requirements. Combined with Governor’s Budget investments, these augmentations provide the CCC Chancellor’s Office a total of \$3.9 million ongoing non-Proposition 98 General Fund for 26 positions in 2022-23, bolstering capacity to support the system.
- **Classified Employee Summer Assistance Program.** The May Revision includes an increase of \$10 million ongoing Proposition 98 General Fund to establish the Classified Employee Summer Assistance Program for community college classified employees.
- **Foster and Kinship Care Education Program.** The May Revision includes an increase of \$500,000 ongoing Proposition 98 General Fund to backfill an estimated decrease in federal matching funds provided to Foster and Kinship Care Education programs, maintaining current funding levels.
- **Local Property Tax Adjustment.** The May Revision includes an increase of \$113.2 million ongoing Proposition 98 General Fund as a result of decreased offsetting local property tax revenues.
- **COLAs for Select Categorical Programs.** The May Revision includes 6.56 percent COLAs in 2022-23 and ongoing for the Disabled Student Programs and Services Program, Student Services for CalWORKs Recipients Program, and Extended Opportunity Programs and Services Program, Campus Childcare Tax Bailout Program, and Adult Education Program, and Mandate Block Grant program.

- **Extend Sunset Date for the CollegeBuys Program.** The May Revision includes statutory changes to remove the sunset date for the CollegeBuys Program, allowing the continued procurement of goods and services in bulk for the community college system, which is expected to create cost savings for districts.

APPRENTICESHIPS

- **California Healthy School Meals Pathway Program.** The May Revision includes an increase of \$45 million one-time Proposition 98 General Fund to support the implementation of the California Healthy School Meals Pathway Program, which is a pre-apprenticeship, apprenticeship, and fellowship workforce training pipeline pilot program for school food service workers.
- **Apprenticeship Program Related and Supplemental Instruction (RSI) Rate.** The May Revision includes an increase of \$16.9 million ongoing Proposition 98 General Fund to align the apprenticeship program RSI rate with the SCFF credit rate, as opposed to the noncredit rate.

INFRASTRUCTURE AND MAINTENANCE

- **Deferred Maintenance.** The May Revision includes an increase of \$1.1 billion one-time Proposition 98 General Fund to support deferred maintenance and energy efficiency projects at community colleges, bringing the cumulative total for Governor's Budget and May Revision investments to more than \$1.5 billion, of which \$863 million is from 2022-23, \$563.5 million is from 2021-22, and \$96.5 million is from 2020-21. The Governor's budget originally proposed an increase of \$387.6 million one-time Proposition 98 General Fund to support deferred maintenance and energy efficiency projects at community colleges. Of this amount, \$109 million is 2022 23 Proposition 98 General Fund and a total of \$279 million is Proposition 98 settle up funds (\$182 million attributed to 2021 22 and \$97 million attributed to 2020 21).
- **CCC Facilities.** The May Revision includes updated General Obligation bond funding of \$403 million one-time for the construction phase of 19 projects anticipated to complete design by Spring 2023, the design phases of 2 projects, and both the working drawings and construction for 1 project. This allocation represents the next installment of the \$2 billion available to CCCs under Proposition 51. The Governor's budget originally proposed General Obligation bond funding of \$373 million one-time state general obligation bond funding for the construction phase of 17 projects anticipated to complete design by spring 2023, and the working drawings phase of one project.

Suggested Questions:

- For CCC: Does the COLA for apportionments address the district's fixed cost pressures?
- For CCC: Does the base increase address the districts' concerns with SCFF? What would the basic allocation increase be used for?
- Does the district cap still exist under the May Revise proposal for NextUp or are we to expect amended TBL?
- What are the proposed uses for the discretionary grant? Would it be used for basic needs, mental health needs, etc. or for other purposes?
- CCC Chancellor's Office Support. Please provide a workload justification for the added positions and provide the total staffing and funding package with this shift. Which positions are being shifted to 2022-23?
- Healthy Schools Pathways proposal: Who is imagined to assist in implementing this proposal? What are the expected deliverables after one-year and does the Administration envision continuing this effort in the out years if the initiative proves to be promising? Is there reporting language? What is the proposed implementation plan?
- Apprenticeship Program Related and Supplemental Instruction (RSI) Rate. Can you share more details with us on this proposal?
- Please clarify the total revised amount of General Obligation bonds proposed for Capital Outlay projects as of the May Revision
- How was a five percent increase for Student Equity and Achievement program determined?
- Can you confirm if there is a standard COLA across categorical programs? (If not, can you explain?)

Staff Recommendation. Hold Open

6440 UNIVERSITY OF CALIFORNIA**Issue 3: Various Governor's May Revision Proposals****Panel**

- Jack Zwald, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Seija Virtanen, University of California

Governor's May Revision Proposals for 2022-23

The Governor's May Revision includes the following ongoing and one-time proposals. These proposals are in addition to the Governor's January budget.

- **Investments in Innovation.** The May Revision includes \$500 million one-time General Fund to establish a new Institute for Immunology and Immunotherapy, consisting of \$300 million in 2022-23 and an additional \$200 million planned for this purpose in 2023-24. The Institute will be established at UC Los Angeles (UCLA), bringing together academics and researchers for collaborative research to maintain California's leading edge in biotechnology. The Institute will also serve as a hub and incubator for firms and entrepreneurs in the biotechnology industry and will expand opportunities for students to connect to careers in biotechnology. This proposal is part of the Administration's climate change research and climate/workforce hubs portfolio for UC.
- **UC Labor Centers.** The May Revision includes an increase of \$13 million ongoing General Fund to support the operations of existing UC Labor Centers and Occupational Safety and Health Programs, and invest in similar new initiatives throughout the UC system.
- **ASSIST Integration for Independent Institutions.** The May Revision includes an increase of \$1.5 million General Fund, \$650,000 of which is ongoing, to integrate member institutions of the Association of Independent California Colleges and Universities onto the ASSIST platform. ASSIST provides prospective transfer students with information on course transferability to four-year institutions.
- **Center for Responsible, Decentralized Intelligence.** The May Revision includes an increase of \$5 million one-time General Fund to support the Center for Responsible, Decentralized Intelligence at UC Berkeley, which promotes research, education, and entrepreneurship in blockchain and Web3.

- **Ralph J. Bunche Center.** The May Revision includes an increase of \$5 million one-time General Fund to support the Ralph J. Bunche Center for African-American Studies at UCLA.
- **Fire Advisors.** The May Revision includes a shift of \$2 million one-time General Fund to support UC Fire Advisors, proposed under the California Department of Forestry and Fire Protection in the Governor’s Budget. The Administration intends to maintain support for the program at the same level in 2023-24.
- **Prop. 56 Backfill.** The May Revision includes an increase of \$2.1 million General Fund compared to the Governor’s Budget adjustment for this purpose, to maintain funding for graduate medical education at \$40 million annually.

Suggested Questions:

- Investments in Innovation. Please provide a cost breakdown for the \$500M by activity. What are the UC’s current activities for collaborative research on biotech? Does UC have any incubators for these purposes on any of their campuses? Is this considered to be a facility project? If so, where was this project on UC’s priority list for new facilities?
- UC Labor Centers. Is this the same proposal included in the Senate Democrats’ Putting Wealth to Work Plan” or is something else altogether envisioned? What is the Administration’s envisioned breakdown of costs for the \$13 million?
- Center for Responsible, Decentralized Intelligence. Can you provide more information on this request? How does this center usually receive funding?

Staff Recommendation. Hold Open

6610 CALIFORNIA STATE UNIVERSITY

Issue 4: Various Governor’s May Revision Proposals

Panel

- Jennifer Louie, Department of Finance
- Lisa Qing Legislative Analyst’s Office
- Ryan Storm, California State University
- Elvyra San Juan, California State University

Governor's May Revision Proposals for 2022-23

The Governor's May Revision includes the following ongoing and one-time proposals. These proposals are in addition to the Governor's January budget.

- **Capital Outlay.** The May Revision includes several investments in capital infrastructure, including \$80 million one-time General Fund to expand the San Diego State University, Brawley Center in Imperial Valley to support a local workforce pipeline to aid the state's goals for development of the Lithium Valley vision. Additionally, the May Revision provides CSU \$67.5 million toward construction of the CSU Fullerton Engineering and Computer Science Innovation Hub. The Administration states that these investments in the San Diego State University, Brawley Center and the CSU Fullerton Engineering and Computer Science Innovation Hub will expand campus infrastructure to support the growing need for a highly-skilled, STEM-trained workforce for all industries, expand access to a CSU education, and create California-based collaborative solutions to climate change.

Additionally, the May Revision includes an increase of \$25 million one-time General Fund to support equipment and facilities for CSU University Farms, providing a total of \$75 million for this purpose when combined with the Governor's Budget investment.

- **First Star Foster Youth Cohort at CSU Northridge and CSU East Bay.** The May Revision includes \$1.48 million one-time General Fund to provide support to establish a First Star Foster Youth Cohort at CSU East Bay and CSU Northridge.

Suggested Questions:

- How did the Administration envision addressing the current compensation and bargaining issues at CSU with faculty and non-faculty staff without a May Revision proposal to augment the base increase?
- Why were the foster youth augmentations specifically at CSU East Bay and Northridge? Were there higher needs at these campuses compared to the others?
- How did DOF choose the capital projects in the May Revision? Is the funding provided enough to support the full project costs, or will CSU use other funding as well?
- For CSU: Where were these capital projects on CSU's prioritization list?

Staff Recommendation. Hold Open

Issue 5: Various Governor's May Revision Proposals**Panel**

- Gabriela Chavez, Department of Finance
- Lisa Qing Legislative Analyst's Office
- Jake Brymner, California Student Aid Commission

Governor's May Revision Proposals for 2022-23

The Governor's May Revision includes the following ongoing and one-time proposals. These proposals are in addition to the Governor's January budget.

- **Cal Grant Program Caseload Adjustments.** The May Revision reflects updated Cal Grant expenditures based on the latest estimates of enrollment of Cal Grant-eligible students. In total, the May Revision reflects estimated Cal Grant expenditures of approximately \$2.2 billion in 2020-21, \$2.4 billion in 2021-22, and \$2.5 billion in 2022-23.
- **Independent Institutions.** The Administration has determined that a good-faith effort has been made by independent institutions of higher education toward meeting the statutory Associate Degree for Transfer commitment required to maintain the maximum award amount for students attending independent institutions of higher education at \$9,220 for the 2022-23 award year.
- **Financial Aid Programs.** The May Revision includes an increase of \$410,000 ongoing General Fund for three positions at the California Student Aid Commission to support financial aid programs. Combined with the Governor's Budget, this augmentation provides the California Student Aid Commission \$889,000 for eight positions beginning in 2022-23 to support financial aid workload.

Suggested Questions:

- How do the caseload estimates and adjustments compare to January Gov's budget estimates? How does it compare going back the last three years? What are the reasons influencing the changes and adjustments.
- Independent Institutions. What is the standard for a good faith effort? Can we get more detail on what this means going forward? Are you planning to adopt the ICCU's proposed

changes regarding targets contained in bills currently moving through the Legislature—such as SB 851?

- Financial Aid Programs. Can you provide the subcommittee members with a new breakdown that reconciles the proposed positions as of May Revision?

Staff Recommendation. Hold Open

6600 HASTINGS COLLEGE OF THE LAW

Issue 6: Various Governor's May Revision Proposals

Panel

- Jack Zwald, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- David Seward, Chief Financial Officer

Governor's May Revision Proposals for 2022-23

The Governor's May Revision includes the following ongoing and one-time proposals. These proposals are in addition to the Governor's January budget.

- **Support for 100 McAllister Street Project.** The May Revision includes an increase of \$90 million one-time General Fund to support the facility improvement project at the institution's 100 McAllister Street building. This project will provide for the institution's continued use of 252 campus housing units at below market rents, will add at least 5 additional campus housing units, and will renovate space within the facility to be used for academic purposes.
- **Support for Renaming Costs.** The May Revision includes an increase of \$885,000 to support costs associated with changing the name of the institution, conditioned upon enactment of legislation authorizing a name change.

Suggested Questions:

- On renaming costs, how was the amount proposed in May Revision deemed to be sufficient by DOF? Hastings cited around \$3M in the May 10 Subcommittee No. 1 hearing.

Staff Recommendation. Hold Open

6120 CALIFORNIA STATE LIBRARY**Issue 7: Various Governor's May Revision Proposals****Panel**

- Jennifer Louie, Department of Finance
- Jason Constantouros, Legislative Analyst's Office
- Rebecca Wendt, Deputy State Librarian

Governor's May Revision Proposals for 2022-23

The Governor's May Revision includes the following ongoing and one-time proposals. These proposals are in addition to the Governor's January budget.

- **State Parks Passes.** The May Revision includes an increase of \$13.5 million one-time General Fund for the California Department of Parks and Recreation to expand availability of state parks passes offered via local libraries, in partnership with the California State Library.
- **Online Job Training and Workforce Development.** The May Revision includes an increase of \$1.4 million one-time General Fund to support online job training and workforce development resources targeting older adults and veterans at California's local libraries, building upon the Governor's Budget investment of \$8.8 million to support two additional years of free online job training and workforce development programs available through public libraries.
- **Library Services Modernization and Online Database Subscriptions.** The May Revision includes an increase of \$570,000 ongoing General Fund to modernize State Library services with an automated loan system, and provide subscriptions to e-books and specialized online databases.
- **Administrative Workload.** The May Revision includes an increase of \$363,000 ongoing General Fund to support increased administrative and personnel workload.
- **Communications and Outreach to Local Libraries.** The May Revision includes an increase of \$335,000 ongoing General Fund to expand public outreach and education to California local libraries and patrons in under-served and multilingual communities.

Suggested Questions:

- **Park Passes.** How many passes are expected to be distributed and how was this determined? What is the outreach strategy associated with the passes?
- **Online Job Training and Workforce Development.** Can you provide the subcommittee with a new breakdown that reconciles the proposed spending as of the May Revision?
- **Communications and Outreach to Local Libraries.** How was the ongoing amount determined?

Staff Recommendation. Hold Open