

# Higher Education

California's continued economic prosperity will require a highly skilled and educated workforce. California's public institutions of higher education, including the University of California (UC), the California State University (CSU), Hastings College of the Law, and the California Community Colleges (CCC), play a critical role in training the workforce of today and tomorrow. Additionally, the California Student Aid Commission (CSAC) provides grants and loans to assist financially needy California students realize their potential by providing access to higher education.

Recognizing the vital role that California's public institutions for higher education serve, the Administration remains committed to fulfilling the Higher Education Compact that was agreed to in spring 2004 with both UC and CSU. The Compact provides a six-year resource plan for UC and CSU that addresses base budget allocations, enrollment growth, student fees, and other key program elements through 2010-11. In exchange for long-term fiscal stability, UC and CSU committed to improving or preserving successes in student and institutional outcomes in numerous program areas including program efficiency, utilization of systemwide resources, and student-level outcomes. The 2006-07 Governor's Budget marks the second year of funding under the Compact.

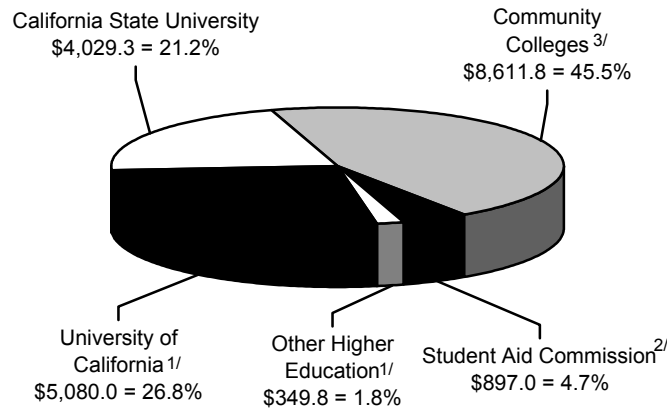
Given the continued improvement in the state's economy, the Governor's Budget proposes to fully fund the Higher Education Compact and to relieve the financial impact of proposed student fee increases on students and families by buying out the student fee increases approved by the UC Regents and the CSU Trustees for the fall of 2006. Additionally, the Governor's Budget continues to make historic additional investments in the CCC and

## Higher Education

significant increases in the CSAC budgets to ensure that access to quality higher education and training is available for all qualified students.

As shown in Figure HED-01 and Figure HED-02, the Budget contains \$19 billion total funds and \$13.1 billion General Fund and Proposition 98 sources for all segments of Higher Education. These amounts represent a 6.4 percent increase in total funds and 9.4 percent increase in General Fund and Proposition 98 sources over the revised 2005-06 Budget.

Figure HED-01  
**Proposed Higher Education 2006-07 Expenditures**  
**All Funds**  
(Dollars in Millions)



1/ For purposes of this table, expenditures for the UC and CSU have been adjusted to include the offsetting general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.

The Other Higher Education amount includes Hastings College of the Law (HCL),  
2/ the California Postsecondary Education Commission, and General Obligation Bond Interest and Redemptions for UC, CSU and HCL.

For purposes of comparing with UC and CSU General Fund, CCC includes  
3/ property tax revenue, as a component of the state's obligation under Proposition 98.

## Higher Education Initiatives

California is blessed with a world-class system of higher education. Each segment has distinguished itself among its peer institutions across the country and around the globe. Further, each segment plays a unique and vital role in fueling California's economic

Figure HED-02  
**Higher Education Expenditures**  
**General Fund, Lottery Funds, State School Fund,**  
**Local Revenues and Student Fees**  
**(Dollars in Millions)**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Change from	
							2005-06	
							Dollar	Percent
University of California <sup>1/</sup>								
Total Funds	\$4,482.6	\$4,418.5	\$4,516.1	\$4,514.7	\$4,831.0	\$5,080.0	\$249.0	5.2%
General Fund	3,322.7	3,150.0	2,868.1	2,698.7	2,842.4	3,049.2	\$206.8	7.3%
California State University <sup>1/</sup>								
Total Funds	3,433.2	3,525.9	3,651.4	3,586.3	3,848.2	4,029.3	\$181.1	4.7%
General Fund	2,680.7	2,697.1	2,625.7	2,475.8	2,597.5	2,775.8	\$178.3	6.9%
Community Colleges								
Total Funds	6,457.1	6,588.5	6,697.8	7,300.8	8,005.3	8,611.8	\$606.5	7.6%
General Fund & P98 <sup>3/</sup>	4,701.1	4,869.9	4,505.3	5,033.2	5,508.0	6,103.9	\$596.0	10.8%
Student Aid Commission (GF)								
Total Funds	558.5	594.0	689.3	776.5	838.9	897.0	\$58.1	6.9%
General Fund	544.0	569.0	658.8	595.4	752.4	861.6	\$109.2	14.5%
Other Higher Education <sup>2/</sup>								
Total Funds	207.5	180.6	199.4	301.1	309.1	349.8	\$40.7	13.2%
General Fund	192.3	165.0	179.6	274.9	281.7	322.5	\$40.8	14.5%
<b>Total Funds</b>	<b>\$15,138.9</b>	<b>\$15,307.5</b>	<b>\$15,754.0</b>	<b>\$16,479.4</b>	<b>\$17,832.5</b>	<b>\$18,967.9</b>	<b>\$1,135.4</b>	<b>6.4%</b>
<b>General Fund</b>	<b>\$11,440.8</b>	<b>\$11,451.0</b>	<b>\$10,837.5</b>	<b>\$11,078.0</b>	<b>\$11,982.0</b>	<b>\$13,113.0</b>	<b>\$1,131.1</b>	<b>9.4%</b>

<sup>1/</sup> For purposes of this table, expenditures for the UC and CSU have been adjusted to include the offsetting general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.

<sup>2/</sup> The Other Higher Education amount includes Hastings College of the Law (HCL), the California Postsecondary Education Commission, and General Obligation Bond Interest and Redemptions for UC, CSU and HCL.

<sup>3/</sup> For purposes of comparing with UC and CSU General Fund, CCC includes property tax revenue, as a component of the state's obligation under Proposition 98.

prosperity. The Governor's Budget proposes investments in all segments to enable them to continue this world-class work. In addition, the budget fully supports student aid programs in order to make college available for Californians by ensuring affordability and accessibility for all students.

While the basic funding needs for the four-year higher education segments have been addressed through the Higher Education Compact signed in 2004 and the Community College funding levels are determined, in a large part, in context of the growth in the Proposition 98 Guarantee, the Administration believes all segments need to continue to work closely together to advance the best interests of all students and California's economic future.

Reinvigorating the relevance and availability of career technical education will ensure that additional pathways for success exist for all students. To that end, the Administration remains committed to expanding opportunities for students to take high-quality career technical education courses.

Additionally, expanding the supply of highly qualified math and science teachers will help ensure that California is able to maintain its position as a global innovation leader.

---

### **Access to Higher Education**

Access remains a high priority for the Administration. UC and CSU enrollment plans project average enrollment increases of 2.5 percent per year through the end of the decade. For the budget year, this growth rate represents an increase of 5,149 students for UC and 8,490 students for CSU, which is funded at a revised marginal cost rate that has been calculated to recognize cost pressures associated with growth that have previously been excluded, such as instructional equipment replacement based on depreciation schedules and operation and maintenance and plant. Total funded Full-Time Equivalent Students (FTES) for 2006-07 at UC and CSU are respectively proposed at 211,255 and 348,262.

Access to education in the CCC system is funded to grow by 3 percent, an increase sufficient to fund services for an additional 35,000 students. This increase is in excess of the statutory adult population growth factor change of 1.74 percent. Altogether, the Community Colleges are funded for a total of over 1,203,000 FTES in 2006-07. Figure HED-03 displays past, current, and projected budget year FTES levels for the institutions of higher education.

---

### **Student Fees**

#### **UC and CSU Student Fees**

When preparing their annual 2006-07 budgets, both the Regents of the UC and the Trustees of the CSU approved student fee increases that were consistent with the Compact. UC proposed to increase undergraduate fees by 8 percent, graduate fees by 10 percent, and professional school fees by an average of 5 percent. CSU proposed fee increases of 8 percent for undergraduates and credential candidates and 10 percent for other graduate students.

Figure HED-03  
Higher Education  
Full-Time Equivalent Students

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Change from 2005-06	
							FTES	Percent
University of California	185,304	196,188	201,896	200,976	205,976	211,255	5,279	2.6%
Undergraduate	(144,091)	(152,527)	(155,754)	(155,647)	(159,730)	(163,534)	(3,804)	2.4%
Graduate	(28,487)	(30,531)	(32,874)	(32,963)	(33,860)	(35,005)	(1,145)	3.4%
Health Sciences	(12,726)	(13,130)	(13,268)	(12,366)	(12,386)	(12,716)	(330)	2.7%
California State University	316,395	331,353	331,705	321,338	332,223	348,262	16,039	4.8%
Undergraduate	(267,100)	(276,607)	(278,774)	(274,940)	(284,252)	(291,359)	(7,107)	2.5%
Graduate/Post-baccalaureate	(49,295)	(54,746)	(52,931)	(46,398)	(47,971)	(56,903)	(8,932)	18.6%
Community Colleges	1,099,343	1,129,645	1,106,437	1,123,910	1,168,417	1,203,469	35,052	3.0%
Hastings	1,200	1,262	1,250	1,268	1,250	1,250	0	0.0%
<b>Total Students</b>	<b>1,602,242</b>	<b>1,658,448</b>	<b>1,641,288</b>	<b>1,647,492</b>	<b>1,707,866</b>	<b>1,764,236</b>	<b>56,370</b>	<b>3.3%</b>

<sup>1/</sup> Budgeted. Estimated enrollment is 201,621 for UC.

<sup>2/</sup> Figure reflects DOF projection of budget FTES. There is insufficient data to project unfunded or over-cap levels.

<sup>3/</sup> CSU recalculated its 2005-06 current year enrollment estimates to reflect full-time graduate students as taking 12 units per term, rather than 15 units as in the past, to be consistent with national higher education reporting standards. This adjustment increases the full-time equivalent enrollment estimated for 2005-06 to 339,609 FTES.

However, given the improved revenue picture, the Governor's Budget proposes to buy out the scheduled fee increases to ease the financial burden on students and their families. Accordingly, the Budget proposes to backfill the potential loss of new fee revenue for UC with additional funding of \$75 million and for CSU with additional funding of \$54.4 million. As a result of this proposal, student fees in 2006-07 will remain at current 2005-06 levels.

### CCC Fees

The Governor's Budget proposes no additional increase in fees for CCC students for the 2006-07 fiscal year. While Community College fees in California remain the lowest in the nation and more than 66-percent lower than the national average, the Budget recognizes the need to minimize barriers and maintain the low student fees to encourage increased enrollments. See Figure HED-04 for proposed fee levels and comparisons with other public institutions for all higher education segments.

### Promoting Economic Development through Career Technical Education

As discussed in the K-12 program summary, the Administration remains committed to expanding opportunities for students to take high-quality career technical education (CTE)

# Higher Education

Figure HED-04  
Higher Education Fees

• 2005-06 Fee Comparison

	<u>UC<sup>a/</sup></u>				<u>Other Public Institutions (2005-06)</u>		
	<u>2005-06</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2006-07</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
	<u>Ed/Reg Fee</u>	<u>Total Fee</u>	<u>Ed/Reg Fee</u>	<u>Total Fee</u>			
Undergraduate	\$6,141	\$6,802	\$6,141	\$6,802	\$7,821	\$9,213	\$6,068
Graduate	\$6,897	\$8,708	\$6,897	\$8,708	\$10,594	\$14,271	\$8,878
<u>CSU<sup>b/</sup></u>							
Undergraduate	\$2,520	\$3,164	\$2,520	\$3,164	\$6,132	\$9,221	\$3,270
Graduate (non-teacher prep.)	\$3,102	\$3,746	\$3,102	\$3,746	na	na	na
Graduate (teacher prep)	\$2,922	\$3,566	\$2,922	\$3,566	na	na	na
<u>CCC<sup>c/</sup></u>							
Full-Time Undergraduate Student	\$780		\$780		\$2,324	\$5,283	\$896
Bachelor-Degree Holders	\$780		\$780		na	na	na

<sup>a/</sup> UC's 2006-07 fees are expected to remain at the 2005-06 level due to the buy out proposed by the Governor's Budget of the fee increase adopted by UC. Thus, the undergraduate education fee will remain at \$6,141 (\$6,897 for graduate students), which includes a registration fee of \$735, plus an average campus-based fee of \$661 for undergraduate students and \$1,811 for graduate students.

<sup>b/</sup> CSU's 2006-07 fees are expected to remain at the 2005-06 level due to the buy out proposed by the Governor's Budget of the fee increase adopted by CSU. Thus, the undergraduate education fee will remain at \$2,520 (\$3,102 for non-teacher preparation graduates and \$2,922 for teacher preparation graduates) plus a campus-based fee of \$644 for both undergraduate and graduate students.

<sup>c/</sup> Comparison data for other states reflect 2004-05 data.

• 2005-06 Professional School Fee Comparison:

	<u>UC<sup>d/</sup></u>	<u>Other Public/Private Institutions</u>		
		<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Law	\$24,149	\$23,362	\$32,919	\$14,741
Medicine	\$22,211	\$24,680	\$28,700	\$21,356
Business Administration	\$23,668	\$23,497	\$33,989	\$9,581

<sup>d/</sup> Professional fees reflect the average among campuses.

• Percent of Instruction Paid by Students:

	<u>2005-06</u>	<u>2006-07</u>
UC	33.8%	32.8%
CSU	21.8%	21.8%
CCC	15.5%	14.5%

courses. The availability of such courses not only enhances the educational opportunities for students, but ensures that California is developing the workforce necessary to remain competitive in the global economy.

The 2005-06 Budget included \$20 million provided through the CCC Economic Development Program to implement a Governor's initiative to expand and improve the relevance of CTE courses offered at high schools, regional occupational centers and programs, and CCCs. Specifically, these resources were provided to support what are known as "Tech Prep" or "2+2" programs. These programs offer an articulated series of courses beginning in high schools and continuing in the community colleges. These programs have been proven successful at improving student outcomes and expanding career options.

The Governor's Budget proposes to expand the CTE initiative by providing \$50 million to support "2+2" courses through the CCC budget.

---

### **Governor's Science and Math Teacher Initiative**

The Governor's Science and Math Teacher Initiative, announced in May 2005 with leaders from UC, CSU and the business community, is a plan to significantly increase the number of science and math teachers trained at the UC and the CSU. Under the initiative, the UC system will increase its annual production of credentialed science and math teachers from the current level of 250 per year to 1,000 per year by 2010. The CSU system will double its production of science and math teachers from 748 to 1,496 during this same time period by expanding its teacher preparation programs and increasing its efforts to recruit talented students into these teaching disciplines. These efforts will help address California's critical shortage of teachers in the subjects of science and math.

This year, the Governor's Budget proposes to increase funding for this initiative at UC by \$375,000, sufficient to provide \$125,000 for each of the three remaining UC campuses to implement the initiative systemwide. In addition, the Governor's Budget proposes a \$1.1 million increase for CSU to expand the program statewide.

---

### University of California

UC provides graduate and undergraduate instruction, and is the primary segment authorized to independently award doctoral degrees as well as professional degrees in law, medicine, dentistry, and veterinary medicine. In addition, UC is the primary state-supported academic institution for research. UC has three missions: instruction, public service, and research. In addition to providing instruction, UC operates teaching hospitals and clinics, research institutes and laboratories, agricultural field stations, and the Cooperative Extension program.

#### Total Funding

The Governor's Budget includes \$5.08 billion (\$3.05 billion General Fund) for UC, which reflects an increase of \$249 million (\$206.8 million General Fund) above the revised 2005-06 budget and \$262.3 million (\$206 million General Fund) above the 2005 Budget Act.

#### UC Merced

The UC Merced campus officially opened its doors on September 6, 2005. In its first year, the campus enrolled 867 FTES (706 freshmen, 124 transfers, and 37 graduate students). The campus was the first new UC campus to open in four decades. Development of UC Merced is part of the University's strategy to increase enrollment capacity that will serve the entire state, enhance access to students in an area that has been traditionally underserved, and provide the benefits of an additional research university to all Californians. As a powerful source for economic prosperity, UC Merced will make valuable contributions to a region that suffers from high unemployment. One-time funding of \$14 million is continued in the Budget for start-up costs needed to open the campus, including support for faculty salaries and recruitment, instructional technology, library materials, student services, and expanded general operational support.

#### Program Enhancements and Budget Adjustments

In accordance with the Compact, the Governor's Budget includes General Fund increases for UC of 3 percent for basic budget support needs, such as faculty and staff salaries, health benefits, maintenance, inflation, and other cost increases; and 2.5 percent for enrollment growth. The Governor's Budget includes the following significant General Fund adjustments:

- \$80.5 million increase (3 percent) for basic budget support consistent with the Compact.
- \$52 million increase (2.5 percent) for enrollment growth consistent with the Compact.
- \$75 million increase to backfill UC's proposed student fee increases of 8 percent for undergraduate, 10 percent for graduate, and an average of 5 percent for professional students.
- \$14 million continuation of one-time funds for costs associated with making UC Merced operational in 2006-07 for a total funding level of \$24 million.
- \$1.7 million increase to continue funding for expansion of entry-level master's nursing programs pursuant to Chapter 592, Statutes of 2005 (SB 73).
- \$375,000 increase to expand the Science and Math Teacher Initiative initiated in the 2005 Budget to the remaining three campuses.
- \$180,000 increase for a new cohort of 12 students for the PRIME Program which targets prospective medical doctors for underserved populations.
- \$17.3 million reduction by eliminating the one-time General Fund legislative augmentation for Student Academic Preparation and Education Programs.

## California State University

CSU provides undergraduate instruction and graduate instruction through the master's degree, awards the doctoral degree in education, and is authorized both to award other doctoral degrees in conjunction with UC or a private institution and to conduct research related to its instructional mission. Students from the top one-third of the state's high school graduates, as well as those transfer students who have successfully completed specified college work, are eligible for undergraduate admission to CSU. Many CSU students are older and/or employed and attend part-time, especially at the graduate level.

### Total Funding

The Governor's Budget includes \$4 billion (\$2.78 billion General Fund) for CSU, which reflects an increase of \$181.1 million (\$178.3 million General Fund) above the revised

2005-06 budget and \$182.6 million (\$160.7 million General Fund) above the 2005 Budget Act.

### **Program Enhancements and Budget Adjustments**

In accordance with the Compact, the Governor's Budget includes General Fund increases for CSU of 3 percent for basic budget support, such as faculty and staff salaries, health benefits, maintenance, inflation, and other cost increases; and 2.5 percent for enrollment growth. The Governor's Budget includes the following significant General Fund adjustments:

- \$75.7 million increase (3 percent) for basic budget support consistent with the Compact.
- \$57.7 million increase (2.5 percent) for enrollment growth consistent with the Compact.
- \$54.4 million increase to backfill CSU's proposed student fee increases of 8 percent for undergraduates and credential candidates, and 10 percent for graduate students.
- \$1.7 million increase to continue funding for expansion of entry-level master's nursing programs pursuant to Chapter 592, Statutes of 2005 (SB 73).
- \$1.1 million increase, including \$652,000 one-time General Fund for the Science and Math Teacher Initiative that was initiated through the 2005 Budget.
- \$84,000 increase (3-percent Compact funding) for the Capital Fellows Program.
- \$22.5 million reduction for retirement costs.
- \$7 million reduction by eliminating the one-time General Fund legislative augmentation for Student Academic Preparation and Education Programs.
- \$5 million reduction to offset the estimated loss of General Fund SMIF interest earnings as a result of a proposed shift of CSU student fees from deposit in the General Fund to the CSU Trust Fund. This technical proposal is revenue neutral to the state and will put CSU on an equal footing with UC and the CCCs with respect to financial management of fee revenues.

---

## **Hastings College of the Law**

Hastings was established in 1878 as the Law Department of the University of California. However, it is an independent entity today that grants professional school law degrees in conjunction with the University. Special areas of concentration include International and Comparative Law, Civil Litigation, Public Interest Law, and Taxation.

### **Total Funding**

The Governor's Budget includes \$37.4 million (\$10.1 million General Fund) for Hastings, which reflects an increase of \$1.6 million (\$1.7 million General Fund) above the revised 2005-06 budget and \$2 million (\$1.7 million General Fund) above the 2005 Budget Act.

### **Program Enhancements and Budget Adjustments**

Consistent with the Compact, the Governor's Budget includes a 3-percent General Fund increase for basic budget support, including faculty and staff salaries, health benefits, maintenance, inflation, and other cost increases. The Governor's Budget includes the following significant General Fund adjustments:

- \$1.4 million increase to backfill Hastings' proposed student fee increase of 8 percent.
- \$253,000 increase for basic budget support.

---

## **California Community Colleges**

California Community Colleges (CCC) are publicly supported local education agencies that offer academic and vocational education at the lower division level for both younger and older adult students; advance California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement; and provide remedial instruction for hundreds of thousands of adults throughout the state through basic skills courses and adult non-credit instruction.

### **Total Funding**

The Governor's Budget includes \$8.6 billion (\$6.1 billion from General Fund and Proposition 98 sources), which reflects an increase of \$606.5 million (\$596 million General Fund and Proposition 98 sources) above the revised 2005-06 budget and \$643 million (\$631.1 million General Fund and Proposition 98 sources) above the 2005

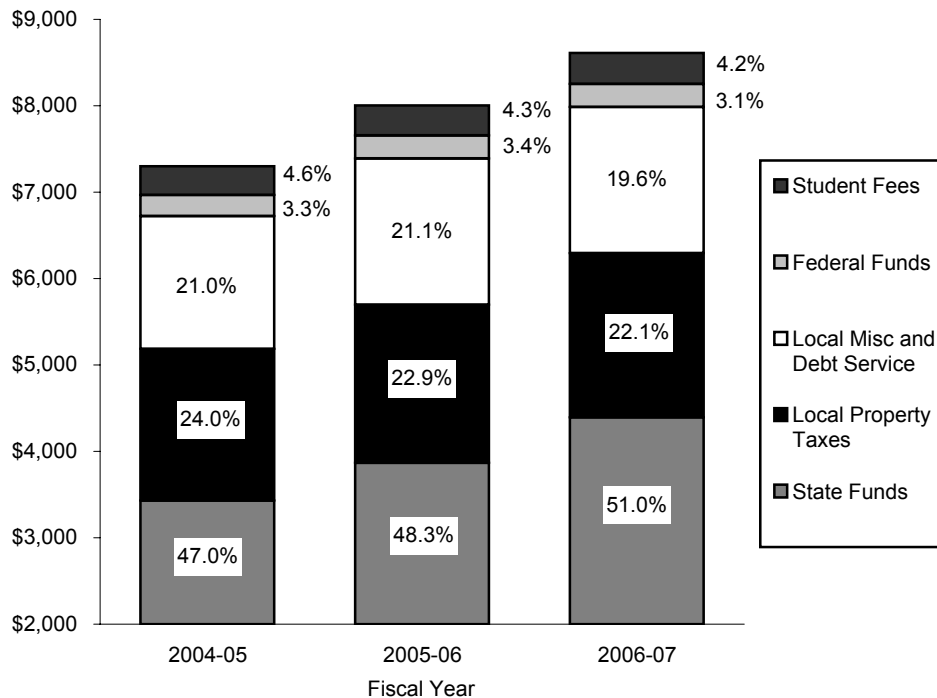
# Higher Education

Budget Act. Figure HED-05 shows total funding for the CCC from 2001-02 through 2006-07. Figure HED-06 shows the major funding sources and their proportions of total funding, from 2004-05 through 2006-07.

**Figure HED-05**  
**Significant Revenue Sources for Community Colleges**  
(Dollars in Millions)

Source of Funds	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Change From 2005-06	
							Dollars	Percent
State General Fund	\$2,847.0	\$2,879.5	\$2,404.8	\$3,277.5	\$3,678.2	\$4,204.6	\$526.4	14.3%
Lottery Fund	138.1	141.2	140.9	143.3	177.9	177.9	\$0.0	0.0%
Local Property Taxes	1,854.1	1,990.4	2,100.4	1,755.7	1,829.7	1,899.3	\$69.6	3.8%
Student Fees	164.1	169.2	243.5	334.7	347.9	358.4	\$10.3	3.0%
Other State Funds	10.5	11.3	8.6	9.3	11.1	11.2	\$0.1	0.6%
Federal Funds	225.9	250.9	249.2	244.1	268.5	268.5	\$0.0	0.0%
Local Miscellaneous	1,186.8	1,038.8	1,392.2	1,287.8	1,416.5	1,416.5	\$0.0	0.0%
Local Debt Service	<u>30.7</u>	<u>107.1</u>	<u>158.0</u>	<u>248.4</u>	<u>275.4</u>	<u>275.4</u>	<u>\$0.0</u>	<u>0.0%</u>
<b>TOTAL REVENUE</b>	<b>\$6,457.1</b>	<b>\$6,588.5</b>	<b>\$6,697.8</b>	<b>\$7,300.8</b>	<b>\$8,005.3</b>	<b>\$8,611.8</b>	<b>\$606.6</b>	<b>7.6%</b>

**Figure HED-06**  
**Revenue Source for Community Colleges**  
(Dollars in Millions)



### Equalization Funding

Fulfilling the Administration's commitment to equalize funding rates for the Community Colleges, the Budget proposes a \$130 million augmentation for the final increment of funding necessary to fully equalize disparities in credit instruction funding levels among colleges pursuant to the statutory formula. This additional funding builds upon \$80 million provided in the Budget Act of 2004 and \$30 provided in the Budget Act of 2005, and collectively provides the funding to fully equalize credit instruction rates to the 90th percentile for all colleges.

### Program Enhancements and Budget Adjustments

Significant Proposition 98 General Fund augmentations and other changes to the CCC budget include:

- \$148.8 million for Enrollment Growth for Apportionments. This augmentation provides 3 percent overall growth in apportionments to provide access for approximately 35,000 additional FTE students, for a total of over 1,203,000 FTE students in 2006-07. This level of funded growth exceeds the 1.74-percent change in adult population, the current statutory index for system growth.
- \$130 million for Equalization as discussed above.
- \$264.6 million for cost-of-living (COLA) for Apportionments to provide a 5.18-percent adjustment for general-purpose apportionments for all districts.
- \$30 million increase for Career Technical Education for a total of \$50 million. Refer to Higher Education Initiatives section for details.
- \$20.8 million for Categorical Program Growth and COLA to provide 1.74 percent growth and a 5.18 percent COLA for categorical programs providing essential services to special populations including Basic Skills, Matriculation, Disabled Students Programs and Services, Campus Childcare Tax Bailout, and Extended Opportunity Programs and Services.
- \$9.6 million for Disabled Students Program Support to support additional sign language interpretive services as well as real-time captioning equipment for deaf and learning disabled students.

- \$500,000 for CalPASS. This augmentation builds upon \$1 million provided in the Budget Act of 2005 for the California Partnership for Achieving Student Success (CalPASS) to expand the program's implementation statewide, providing community colleges, K-12 schools, and universities with critical data on student performance and transition between education segments that helps improve curriculum in all segments of the education system.
- \$100,000 for Baccalaureate Pilot Programs pursuant to Chapter 515, Statutes of 2005 (AB 1280). This augmentation proposes funds for one-time grants of \$50,000 to two colleges to facilitate collaborative partnerships between community colleges and four-year institutions to provide baccalaureate degrees at community colleges in geographic areas with low four-year institution participation.

---

### Financial Aid Programs

The California Student Aid Commission (CSAC) administers state financial aid to students attending all segments of public and private postsecondary education. Working together with EdFund, which is the auxiliary loan guarantee agency that operates with oversight by CSAC, the Commission administers federal and state-authorized financial aid, including State-funded grants, work-study programs, and loans that are federally guaranteed. In addition to serving as California's student loan guaranty agency, EdFund serves as a guaranty agency for colleges and universities located throughout the United States.

### Total Financial Aid Funding

The Governor's Budget includes \$897 million (\$861.6 million General Fund) in local assistance funding, which reflects an increase of \$58.1 million (\$109.2 million General Fund) above the revised 2005-06 budget and \$58.8 million (\$109.2 million General Fund) above the 2005 Budget Act. (See Figure HED-07 and Figure HED-08 for total financial aid and growth in Cal Grants, respectively).

### Program Enhancements and Budget Adjustments

Consistent with the Administration's commitment to expanding access to higher education, the Governor's Budget includes \$11.9 million General Fund to increase the maximum Cal Grant for new recipients at non-public colleges and universities from \$8,322 to \$9,708.

**Figure HED-07**  
**Financial Aid Grants**  
**General Fund and Fee Revenue Funded**  
**(Dollars in Thousands)**

Institution/Fund Source	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Change from 2005-06	
							Dollars	Percent
University of California <sup>1/</sup>	\$259,700	\$287,761	\$355,654	\$371,944	\$374,026	\$384,974	\$10,948	2.9%
General Fund	69,199	52,199	52,199	93,417	52,199	52,199	\$0	0.0%
Fee Revenue <sup>3/</sup>	190,501	235,562	303,455	278,527	321,827	332,775	\$10,948	3.4%
California State University <sup>1/, 2/</sup>	135,563	132,716	242,206	229,553	253,898	259,542	\$5,644	2.2%
General Fund	65,647	51,147	51,147	51,147	51,147	51,147	\$0	0.0%
Fee Revenue	69,916	81,569	191,059	178,406	202,751	208,395	\$5,644	2.8%
Community Colleges <sup>1/</sup>								
General Fund	91,853	102,723	168,138	252,131	262,115	269,979	\$7,864	3.0%
Student Aid Commission <sup>1/, 4/</sup>								
General Fund	543,962	569,024	658,751	595,410	752,449	861,615	\$109,166	14.5%
<b>Total</b>	<b>\$1,031,078</b>	<b>\$1,092,224</b>	<b>\$1,424,749</b>	<b>\$1,449,038</b>	<b>\$1,642,488</b>	<b>\$1,776,110</b>	<b>\$327,072</b>	<b>22.6%</b>
General Fund	770,661	775,093	930,235	992,105	1,117,910	1,234,940	\$242,835	24.5%
Fee Revenues	260,417	317,131	494,514	456,933	524,578	541,170	\$84,237	18.4%

<sup>1/</sup> Reflects budgeted amounts for 2005-06 and 2006-07.

<sup>2/</sup> Includes \$14 million GF for EOP grants through 1998-99 and \$17 million from 1999-00 to 2006-07.

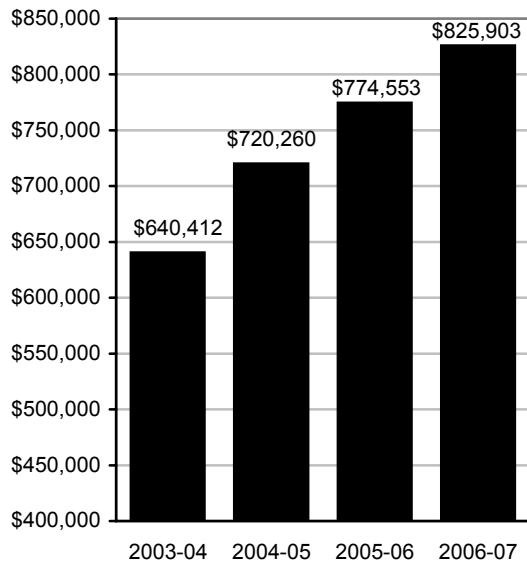
<sup>3/</sup> Beginning in 2004-05, UC augmented its student fee revenues for financial aid by \$8.140 million by increasing fees to non-resident students.

<sup>4/</sup> Includes one-time fund shift from General Fund to Student Loan Operating Fund in 2004-05 (\$146.5 million) and 2005-06 (\$51.0 million).

The Governor's Budget proposes the following General Fund base and program adjustments for CSAC financial aid programs:

- \$51 million backfill to replace the use of one-time surplus monies from the Student Loan Operating Fund (SLOF) that were used to support financial aid programs in 2005-06.

**Figure HED-08**  
**Cal Grant Funding**  
**(Dollars in thousands)**



## Higher Education

---

- \$39.5 million increase for anticipated growth in costs in the Cal Grant Program (reflects a reduction of \$28.7 million associated with the proposed buy-out of segmentally approved 8 percent undergraduate fee increases at the UC and CSU).
- \$6.8 million increase for anticipated growth in costs in the Assumption Program of Loans for Education (APLE).
- Authorization for 100 new warrants for the National Guard APLE program (payments estimated to begin no sooner than 2007-08 fiscal year).