

## **Summary of Governor Schwarzenegger's proposed cuts to Higher Education<sup>1</sup>**

### **The University of California**

*The Governor proposes to:*

- Reduce total funding for the University of California (UC) by \$331.9 million. Just under 10 percent of this reduction (\$32.3 million) would be made to the Institutional Support Program, which includes UC administration; the remainder is unallocated. The Governor's Proposed Budget, including this reduction, reflects a 1.5 percent increase in total funding for the UC over the revised 2007-08 Budget, but a 3.0 percent reduction in General Fund expenditures.
- Increase fees for undergraduate, graduate, and professional students by 7.4 percent, which is below the 10 percent annual fee increase allowed by the 2004 Higher Education Compact. However, the Administration suggests that the UC may consider higher fee increases in response to the proposed funding reductions. One-third of the undergraduate fee increase would be set aside for financial aid.
- Increase funding by \$5 million for the multi-campus Institute for Transportation Studies (ITS).
- Provide \$1.1 million for the Science and Math Teacher Initiative and \$1.7 million for the Nursing Initiative, but assumes both will be cut by 10 percent. These initiatives are aimed at increasing the labor supply in high-demand occupations.

### **The California State University**

*The Governor proposes to:*

- Reduce total funding for the California State University (CSU) by \$312.9 million. Nearly 14 percent (\$43.2 million) of this reduction would be made in the Institutional Support Program, which includes CSU administration; the remainder is unallocated. The Governor's Proposed Budget, with this reduction, reflects a 0.8 percent increase in total funding for the CSU over the revised 2007-08 Budget, but a 3.3 percent General Fund reduction.
- Increase fees for undergraduates, credential candidates, and other graduate students by 10 percent. One-third of the fee increase would be set aside for financial aid. The Administration anticipates that the CSU may impose greater fee increases in response to the proposed budget reductions. Any increase over 10 percent would exceed the annual fee increase allowed by the Higher Education Compact.
- Provide \$2.7 million for the Science and Math Teacher Initiative and \$6.3 million for the Nursing Initiative, but assumes both will be cut by 10 percent.

### **California Community Colleges**

*The Governor proposes to:*

- Reduce funding for the Community College Chancellor's Office state operations administration budget by \$1 million and reduce local assistance to community colleges by \$483.5 million, including reductions in funding for regular enrollment and special categorical programs. The Governor's Proposed Budget, with the proposed funding reductions, reflects a 1.6 percent total

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<sup>1</sup> Governor's proposed 2008-09 Budget Analysis courtesy of the Nonpartisan California Budget Project, [http://www.cbp.org/pdfs/2008/080116\\_govbudget.pdf](http://www.cbp.org/pdfs/2008/080116_govbudget.pdf)

- funding increase for the California Community Colleges (CCC) over the revised 2007-08 Budget and a 2.2 percent General Fund increase.
- Change the statutory COLA factor to 3.65 percent to bring it in conformance with K-12 education. The Governor's Proposed Budget eliminates the 2008-09 COLA for the CCC, which otherwise would have been 4.94 percent (\$291.7 million).
  - Implement a \$40 million one-time reduction in CCC baseline funding ("apportionment" funding).
  - The Governor's Proposed Budget also delays \$200 million in payments to the CCC for the 2007-08 deferral of apportionments from July 2008 to September 2008.
  - Reduce funding for both the Career Technical Education Initiative and Community College Student Success Initiative by 10 percent. The Career Technical Education Initiative is aimed at improving and expanding vocationally oriented career preparation programs. The goal of the Community College Student Success Initiative is to improve outcomes for at-risk students.

### **Student Aid Commission**

*The Governor proposes to:*

- Reduce funding for the Student Aid Commission by \$2.2 million, including \$1.6 million in funding for state administrative functions and \$637,000 for the California Student Opportunity and Access Program.
- Eliminate all new awards for the Cal Grant Competitive program, a reduction of \$57.4 million. Renewal awards would not be affected.
- Complete the sale of California's student loan guarantee program, EdFund, authorized as part of last year's budget agreement. The Governor's Proposed Budget anticipates that this sale will generate approximately \$500 million in revenue, considerably below the \$1 billion in revenue projected when the sale was authorized.