

# Higher Education

The May Revision for higher education remains consistent with the 2004 Higher Education Compact, and includes workload adjustments to the Cal Grant program. Due to significant revenue increases and enrollment declines in Community Colleges, the May Revision incorporates significant changes for that segment, reflecting major one-time increases funded from current year Proposition 98 as well as substantial increases in the budget year. Overall General Fund and related Proposition 98 growth for higher education increases 7.9 percent over the current year revised level in the May Revision, as compared with the 9.4 percent growth referenced in the Governor's Budget Summary. However, actual General Fund and related Proposition 98 sources increase in the May Revision by \$57 million overall compared to the Governor's Budget. The reduction in the percentage change is a result of the very large current-year expenditure increase for community colleges.

## Nurse Education Initiative

Current clinical nursing salary levels make it difficult to recruit and retain the faculty necessary to train new nurses. As a component of the Governor's Nurse Education Initiative, the May Revision proposes additional investments to ensure sufficient faculty are available to support funded enrollment growth for nursing programs. Additionally, the May Revision addresses shortages of clinical nurses for state agencies. Specifics are described below.

For both the University of California (UC) and California State University (CSU), \$1 million increases are proposed on a one-time basis for faculty recruitment and start-up costs to help secure and retain the needed faculty. This funding is in addition to the \$1.7 million that was provided to both UC and CSU through Chapter 592 of the Statutes of 2005, and continued in

the Governor's Budget, to support a minimum of 130 additional full-time equivalent students (FTES) in entry-level master's degree programs. These resources will enable UC and CSU to expand capacity in both undergraduate and graduate nursing programs to help address California's nursing shortage.

For California Community Colleges (CCC), the May Revision provides \$1.5 million on a matching basis with the colleges for a multi-year nursing faculty stipend incentive program. These funds will leverage \$3 million annually to ensure sufficient faculty to successfully fulfill the \$14 million investment in nursing enrollments funded from Proposition 98, plus the expansion resulting from the infusion of Workforce Investment Act funds and matching contributions totaling \$90 million over five years announced last year.

Also, \$500,000 is provided on a one-time basis to CCC to expand and establish Student Clinical Placement Registries in all regions of the state and to establish the on-line CCC Faculty Registry. Student Clinical Placement Registries have been initiated in three regions of the state and have identified underutilized clinical placement slots available for students. Therefore, expansion of these slots to other regions will assist all segments in connecting students with clinical opportunities necessary to complete nursing degree programs. The online Faculty Registry will provide an opportunity for prospective instructors to specify their qualifications and availability to a wide audience and for CCC nursing program administrators to conveniently search and match faculty to areas of need.

Additionally, to address clinical nursing shortages in state agencies, the May Revision proposes \$630,000 in one-time funding for the California Student Aid Commission to administer a three-year pilot program, which would provide up to 40 nurse education recruitment grants. The grants would be provided to participants enrolled full time in accelerated nursing degree programs who commit to serve in a state-operated health care facility after passing the nurse licensing exam. The grants would require a four year state employment commitment. Depending on the length of the accelerated nursing program, the grant would vary between \$1,000 and \$2,000 per month. Failure to pass the licensing exam and/or to fulfill the state service requirement would trigger repayment of the grant.

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### University of California

- 2005-06 -\$3.8 million General Fund
- 2006-07 \$1 million General Fund

**Current Year**

- A reduction of \$3.8 million is related to a shortfall in enrollments of 500 FTES, pursuant to provisional language in the 2005 Budget Act that requires the Director of Finance to revert unspent enrollment growth funding to the General Fund.

**Budget Year**

- The May Revision proposes \$1 million General Fund to provide funding on a one-time basis for faculty recruitment and start-up costs associated with the expansion of undergraduate and graduate nursing programs.

In addition, the May Revision proposes the following changes to non-General Fund items for 2006-07:

- An increase of \$300,000 in Proposition 99 funds to provide additional funding for tobacco-related research.

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**California State University**

- 2005-06 No Change
- 2006-07 \$1 million General Fund

**Budget Year**

- The May Revision proposes \$1 million General Fund to provide funding on a one-time basis for faculty recruitment and start-up costs associated with the expansion of undergraduate and graduate nursing programs.

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**California Student Aid Commission**

- 2005-06 -\$14.0 million General Fund
- 2006-07 -\$14.2 million General Fund

**Current Year**

- Savings of \$14 million is estimated for current-year Cal Grant Entitlement awards.

### Budget Year

The May Revision proposes a net General Fund decrease of \$14.2 million over the level proposed in the 2006-07 Governor's Budget, as noted below:

- Savings of \$14.8 million associated with revised estimates for Cal Grant Entitlement awards that will be issued in 2006-07 including transfer and high school entitlement awards.
- An increase of \$600,000 in one-time funding for a three-year period to implement a pilot Nurse Education Grant Program for State Agencies. The program and appropriation will be authorized in budget trailer bill legislation.

In addition, the May Revision proposes the following changes to non-General Fund items for 2006-07:

- An increase of \$30,000 from the Student Loan Operating Fund for one-half personnel year to administer the Nurse Education Grant Program for State Agencies, again through the trailer bill legislation.

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### California Community Colleges

- 2005-06 \$244.4 million net General Fund and Proposition 98 Related Sources
- 2006-07 \$80.4 million net General Fund and Proposition 98 Related Sources

### Current Year

The May Revision proposes a net General Fund and Proposition 98 related increase of \$244.4 million for the California Community Colleges (CCC), including an augmentation of \$257.3 million on a one-time basis as a result of an increase in the current-year Proposition 98 guarantee. The following current-year Proposition 98 adjustments will be addressed through budget trailer bill legislation:

- \$100 million for deferred maintenance, instructional equipment, and hazardous substance abatement. These funds will provide significant funds to address backlogs in core operational needs beneficial to student learning.
- \$77.7 million for a general purpose block grant. These funds will be distributed on a full-time equivalent students (FTES) basis, and will allow each college to address other

local priorities. An additional \$22.3 million for this purpose is also provided from the Proposition 98 Reversion Account in the Budget Year for a total of \$100 million.

- \$40 million for career technical education equipment and associated facility reconfigurations. In addition to providing broader flexibility for one-time infrastructure investments, the May Revision also builds upon the Governor's ongoing investment of \$50 million in career technical education by providing both K-12 and CCC with one-time resources for career technical equipment. These funds will help ensure student access to state-of-the-art equipment necessary for developing relevant career technical skills needed in the workplace of today and tomorrow.
- \$15 million for payment of prior-year amounts owed for mandated cost claims that have been audited.
- \$23.6 million is set aside for one-time costs associated with implementation of a new funding formula for community colleges.
- \$500,000 to extend high-speed internet services to 52 offsite centers.
- \$500,000 for the expansion of Student Clinical Placement Registries in all regions of the state and to establish an on-line CCC Faculty Registry. The former will help increase access to clinical nursing experience opportunities for students from all segments and the latter will improve CCC's ability to identify qualified nursing candidates for faculty slots.

### **Budget Year**

In addition, the May Revision proposes major budget adjustments for the CCC, which will increase total General Fund and Proposition 98 Related sources by a net \$80.4 million compared to the January Governor's Budget, including an increase of \$38 million in on-going Proposition 98 General Fund. Major ongoing Proposition 98 General Fund adjustments for the CCC include the following:

- Increases of \$32.6 million for apportionments and \$2.3 million for selected categorical programs to reflect an increase in the COLA factor from 5.18 percent to 5.92 percent.
- A base reduction of \$85 million in apportionments to reflect unused 2005-06 growth funding that will revert based on the most recent current-year enrollment information available from the Chancellor's Office.

## Higher Education

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- \$29.5 million increase for ongoing deferred maintenance, instructional materials, and hazardous substances abatement costs, allowing colleges to help keep up with backlogs and new needs in critical instructional equipment and facilities areas.
- \$24 million increase for matriculation, providing colleges with additional resources to assist students' progress towards their educational goals.
- \$15 million increase for the Economic Development program to expand targeted training services aligned with California business needs and improve career technical education for both K-12 and the colleges.
- \$10 million increase in apportionments to support remediation programs at community colleges for high school students who have failed to pass the California High School Exit Exam (CAHSEE).
- \$4 million increase for ongoing claims of current mandated programs.
- \$2.5 million increase for apprenticeship instructional program support to address increasing demand from industry for trained workers.
- \$1.5 million increase for nursing programs to initiate a nursing faculty stipend incentive program that will provide colleges with additional resources to recruit new and retain existing full-time nursing faculty.
- \$800,000 increase for the Telecommunications and Technology Services program to pay for increased costs of high-speed internet service delivery allocated to community colleges.
- \$500,000 increase for the Telecommunications and Technology Services program to support the California Partnership for Achieving Student Success (CalPASS) that will fully fund the resources necessary to expand the program statewide.

In addition, the following ongoing technical Proposition 98 adjustments are proposed to conform to revised estimates of local funds and the base apportionment reduction:

- A decrease of \$2.6 million in Proposition 98 General Fund for apportionments to reflect the recalculation of 3 percent growth funding included in the Governor's Budget on a lower base, as discussed previously.
- An increase of \$3.2 million Proposition 98 General Fund that offsets a reduced estimate of student fee revenues for 2006-07.

- A decrease of \$816,000 to reflect an offsetting increase in oil and mineral revenues of an identical amount.
- An increase of \$744,000 in Proposition 98 General Fund for administration of the Board of Governor's Fee Waiver program to reflect 2006-07 base adjustments as a result of reestimated student fee revenues.

The May Revision also proposes \$22.3 million from the Proposition 98 Reversion account for the same purposes as the General Purpose Block Grant described previously.

Finally, the Governor's May Revision sets aside up to \$30 million General Fund for a one-time loan to the Compton Community College District to address fiscal solvency and the anticipated loss of program accreditation. These funds would be used in the short-term to ensure basic operations of the college continue, while the remaining funds will be used over a longer period of time to address Compton's structural deficit along with a number of outstanding financial liabilities that include: repayment of various audit findings, facility health and safety issues, various litigation and intervention costs, and other statutory and accreditation deficiencies. Subsequent legislation will define a period of repayment for the loan, as well as the necessary structural and administrative reforms that must be made to ensure fiscal recovery and return of accreditation.

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