

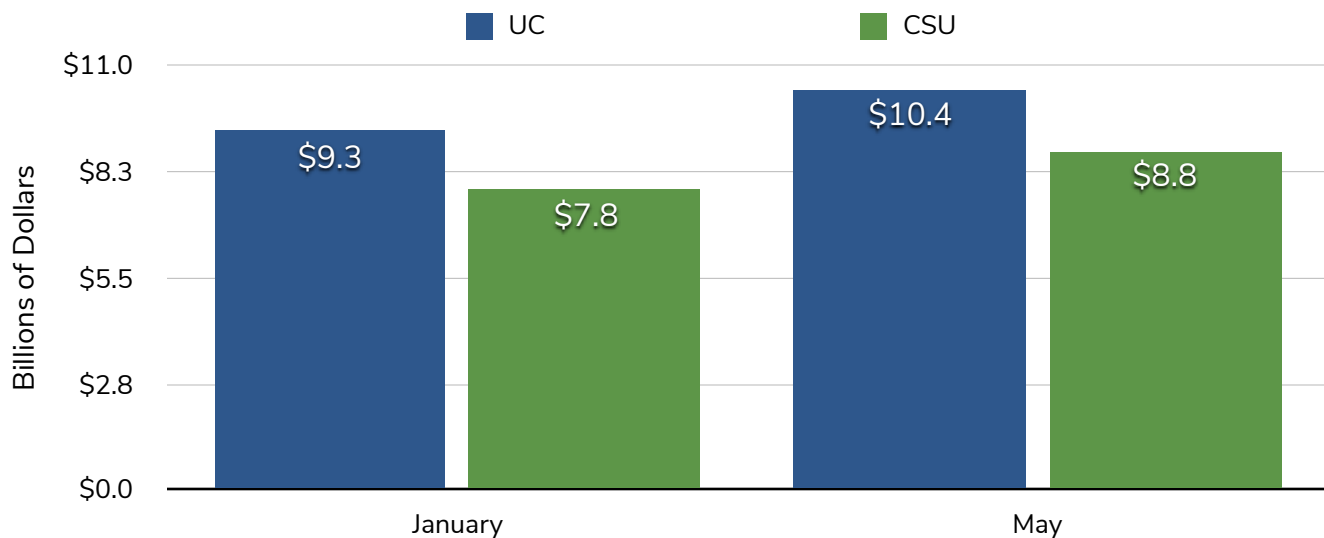


# CALIFORNIA BUDGET BASICS

## UC & CSU

California has two public four-year university systems—California State University (CSU) and University of California (UC). CSU provides undergraduate and graduate education to roughly 481,000 students on 23 campuses, and UC provides undergraduate, graduate, and professional education to about 292,000 students on 10 campuses. The UC Board of Regents and CSU Board of Trustees have agreed to not raise tuition rates in 2021-22. Therefore, undergraduate tuition will be \$11,442 at UC and \$5,742 at CSU in 2021-22—the same level it has been since 2018-19. CSU committed to keeping tuition rates the same for 2021-22 in February 2021, while UC has yet to announce their decision.

Core Funding Levels for UC and CSU Under January Budget & May Revision in 2021-22



Data from the California Department of Finance

The state’s primary financial aid program is the Cal Grant program that provides financial aid awards to students who meet specified eligibility requirements and who attend one of the state’s qualifying public institutions or independent and private institutions. Students who are ineligible for the Cal Grant entitlement program can compete for financial aid awards available through the Cal Grant competitive program. Costs for the program have increased dramatically in recent years (particularly since the Great Recession) due to an increased number of students participating in the program, and UC and CSU tuition increases. Since 2012-13, total funding for the Cal Grant Program has grown by \$890 million, a roughly 58% increase. The final 2021-22 budget made \$515 million available, beginning in 2022-23, to expand the state’s Middle Class Scholarship program. Under this expansion, funding would be available to Cal Grants recipients and help them cover non tuition costs.

## WHAT'S IN THE 2021-22 MAY REVISION & FINAL BUDGET

CSU and UC experienced substantial revenue declines in their noncore programs, a reduction in state General Fund support, and some higher than normal costs in 2020-21 as a result of the pandemic. The Governor's May Revision proposes to provide CSU and UC with a 5% increase in base funding each in 2021-22, which translates to \$373 million ongoing for CSU and \$371 million for UC. This increase would partly restore the level of base funding to their pre-pandemic levels, which saw reductions of 6.9% for CSU and 8.1% for UC in 2020-21 compared to their 2019-20 base funding levels.

Beyond the base funding increase, the May Revision and Legislature propose adding additional enrollment slots, including \$81 million for 9,400 new slots across the CSU system and \$67 million for 6,200 new slots across the UC system. Additionally, the Legislature has proposed reducing the number of out-of-state students enrolled at the three most in-demand UC campuses—UC Berkeley, UCLA, and UC San Diego—in order to free up space for California resident students. The three campuses would receive \$90 million in 2021-22 (\$270 million over three years) to reduce their out-of-state enrollment by 900 students each year beginning in fall 2022. Out-of-state enrollment would be capped at 18% after five years, compared to current out-of-state enrollment between 22.1% and 23.5% at those campuses. These proposals were included in the final budget.

The Legislature has proposed spending \$2 billion one-time, available over four years, to build new student campus housing and support the development of affordable student housing at UC and CSU—which was also included in the final budget.

## RECENT FEDERAL ACTIONS

The first two federal COVID relief bills passed in March and December 2020 allocated a total of \$1.4 billion for CSU and campuses and \$658 million for UC campuses, with a portion dedicated to emergency financial aid and the rest available for campus operations. The American Rescue Plan passed in March 2021 directed an additional \$5 billion in funding for emergency financial aid grants and relief funding for both California community colleges and universities.

## UC & CSU KEY FACTS

- ➔ **Tuition Increases:** The price of undergraduate tuition and fees, (adjusted for inflation) has increased six-fold at UC and at CSU by 15 times over the last 40 years
- ➔ **Other Costs:** The non-tuition cost-of-attendance has also been increasing—California students spend an average of \$2,020/month (or \$18,180 per 9-month academic year) on food, housing, books, supplies, and transportation
  - ▶ In a [2016 survey](#), 40% of UC undergraduates reported they experienced food insecurity and 5% had experienced homelessness
- ➔ **Financial Aid:** About half of California's undergraduates across CCC, UC, and CSU receive some type of financial aid
  - ▶ About 391,000 students are expected to get Cal Grant financial aid in 2019-20
- ➔ **Improving Graduation Rates:** Graduation rates at CSU are slowly improving with the implementation of the [Graduation Initiative 2025](#), with 28% of CSU students now graduating in 4 years, up from 15% in 2015
  - ▶ At UC about 60% of students graduate in 4 years and 80% in 6 years
  - ▶ The most recent national average 4-year-graduation-rate is 42%
- ➔ **Pandemic Impacts:** The total estimated fiscal impact from March through December 2020 is \$1.1 billion at CSU and \$1.9 billion at UC, with the most significant fiscal impact coming from revenue declines as a result of operating at reduced capacity

\*Data from the 2021-22 May Revision & final budget, [EdSource](#), and LAO unless otherwise specified.

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