

HIGHER EDUCATION

The Governor's Budget reflects the fourth year of the multi-year compacts with the University of California (UC) and the California State University (CSU), and of a multi-year roadmap with the California Community Colleges (CCCs), that focus on shared priorities benefitting students. The Administration remains committed to the shared goals of increasing access to the UC and CSU, improving student success while advancing equity, increasing the affordability of higher education, increasing intersegmental collaboration, and supporting workforce preparedness and high-demand career pipelines.

The Budget proposes total funding of \$45.1 billion (\$28.5 billion General Fund and local property tax and \$16.6 billion other funds) for the three higher education segments and the California Student Aid Commission. The figure on Higher Education Expenditures displays additional detail about funding for higher education.

Higher Education Expenditures
(Dollars in Millions)

	2023-24	2024-25	2025-26	Change from 2024-25	
				Dollars	Percent
University of California					
Ongoing General Fund	4,717.3	4,984.6	4,984.6	\$0.0	0.0%
One-Time General Fund	143.0	4.0	-	-\$4.0	
Total Funds ^{1/ 4/}	\$10,602.9	\$10,947.4	\$11,162.5	\$215.1	1.9%
California State University					
Ongoing General Fund	5,391.2	5,600.7	5,642.7	\$42.0	0.7%
One-Time General Fund	35.5	5.0	0.3	-\$4.7	
Total Funds ^{1/ 4/}	\$8,807.8	\$9,158.5	\$9,359.8	\$201.3	2.2%
California Community Colleges					
General Fund & Property Taxes ^{4/}	12,303.4	13,938.0	14,789.1	\$851.1	6.1%
Total Funds ^{3/}	\$21,336.2	\$21,524.3	\$21,160.6	-\$363.7	-1.7%
California Student Aid Commission					
General Fund ^{2/ 4/}	2,875.5	3,135.3	2,802.3	-\$333.0	-10.6%
Total Funds	\$3,304.0	\$3,557.3	\$3,222.7	-\$334.6	-9.4%
General Fund	\$24,829.8	\$27,660.3	\$28,393.9	\$733.7	2.7%
Total Funds	\$44,050.9	\$45,187.5	\$44,905.5	-\$282.0	-0.6%

^{1/} These totals include tuition and fee revenues and other funds the universities report as discretionary.

^{2/} General Fund expenditures for the Cal Grant program are offset by reimbursements, including approximately \$400 million in federal Temporary Assistance for Needy Families (TANF) funds received through an agreement with the Department of Social Services.

^{3/} Withdrawals from the Public School System Stabilization Account are reflected in this row.

^{4/} Savings resulting from Section 4.05 and/or Section 4.12 of the 2024 Budget Act are currently recorded as an unallocated statewide set-aside. As a result, this General Fund expenditure amount may reflect overstated expenditures.

Additionally, the Budget includes more than \$100 million in new investments across state agencies to work towards implementation of key priorities contained in the new Master Plan for Career Education.

MASTER PLAN FOR CAREER EDUCATION

In August 2023, the Governor called for a new Master Plan for Career Education through the Freedom to Succeed Executive Order. The Governor urged state agencies and institutions of higher education to increase equitable access to well-paid jobs by creating and strengthening education and training pathways that are responsive to the emerging needs of the economy and specific to labor sectors, geographic regions, and individuals' existing and needed skills and experience. These pathways must be

designed so all Californians—whether young people just starting their first job searches or experienced workers seeking new careers—can find opportunities for high-paying and fulfilling career paths, both those that do and do not require college degrees. By building these talent pipelines, the state can spur economic growth in strategic sectors such as education, health care, and climate.

The purposes of the Master Plan are to align state education and workforce development programs with the needs of the future economy, better coordinate and streamline those programs regionally and across state agencies, and ensure that the state's students and adult learners have affordable access to needed educational and career development opportunities over the course of their working lives.

The following new investments are proposed to implement key provisions of the Plan, with additional phases of implementation to be considered in future fiscal years:

- \$100 million one-time Proposition 98 General Fund for the CCCs to expand Credit for Prior Learning and begin building the infrastructure for the state's first "Career Passport." The Career Passport system will allow students to create formal documentation of their marketable skills and abilities developed through work, classes, apprenticeships, internships, or other experiences both inside and outside the classroom, with the intent of scaling the system in future years to be applicable at both the secondary and higher education levels. Additionally, the Career Passport Initiative will provide students with a state-validated transcript for skills earned from educational or work experience, which can be used as a recruitment tool for employment as well as ongoing education (see description in the California Community Colleges section for more details).
- \$5 million ongoing General Fund for the Government Operations Agency to establish a state planning and coordinating body for TK-12 education, higher education, and state economic and labor agencies, to improve forecasting of needed skills and coordination of resources and initiatives across state government in alignment with recommendations from the Master Plan for Career Education. See the General Government and Statewide Issues Chapter for more details.
- \$4 million one-time General Fund to support regional coordination for career education and training. See the Labor and Workforce Development Chapter for more details.

Additionally, the Budget proposes to streamline applications for TK-12 career technical education categorical programs into a single consolidated application and include

dual enrollment and pathways programs as allowable uses for funds allocated through the \$1.8 billion Student Support and Discretionary Block Grant. See the TK-12 Education Chapter for more details.

UNIVERSITY OF CALIFORNIA

The University of California (UC) offers formal undergraduate and graduate education, is the public segment authorized to independently award doctoral degrees and is designated as the state's primary academic agency for research. Its ten campuses enroll nearly 294,000 students and the UC extension centers register an additional 500,000 participants in continuing education programs. In 2023-24, the UC awarded more than 85,000 degrees, including over 62,000 undergraduate degrees.

In alignment with the 2024 Budget Act, the Budget maintains the planned deferral of the 2025-26 Compact investment of \$240.8 million, representing a five-percent base increase in the fourth year of the Compact, to 2027-28. The Budget also maintains the planned 2025-26 deferral of \$31 million to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students enrolled at three campuses with an equivalent number of California resident undergraduate students, from 2025-26 to 2027-28.

The UC may use interim financing structures or other internal borrowing to support UC spending. The Administration continues to be committed to the Compact with the UC and expects the segment to continue its efforts to meet the Compact goals. This approach will enable the UC to continue its efforts to meet the Compact goals to expand student access, equity, and affordability, and to create pathways to high-demand career opportunities. The Administration will continue to monitor the UC's actions toward meeting the Compact goals.

Finally, the Budget maintains efficiency reductions included in the 2024 Budget Act intended to address ongoing statewide General Fund budget pressures. As a result, and as indicated in the 2024 Budget Act, the UC should continue planning for a reduction of 7.95 percent in ongoing General Fund support, approximately \$396.6 million, beginning in the 2025-26 fiscal year.

CALIFORNIA STATE UNIVERSITY

The California State University (CSU) provides undergraduate and graduate instruction generally up to the master's degree. Its 23 campuses enroll more than 454,000 students. In 2023-24, the CSU awarded approximately 125,000 degrees. The CSU also provides opportunities for residents to enroll in professional and continuing education programs. The CSU strives to further fulfill its mission through the Graduation Initiative 2025, which aims to increase four-year graduation rates, increase two-year transfer graduation rates, and eliminate equity gaps. The CSU provides four-year education in some of the most underserved regions of the state, including the Far North, the Central Valley, and the Inland Empire.

The Administration maintains its commitment to the multi-year Compact Agreement, and the CSU will receive \$252.3 million ongoing General Fund, representing a five-percent base increase in the fourth year of the Compact, though the 2025-26 amount is deferred to 2027-28. The Administration will continue to monitor the CSU's actions toward meeting the Compact goals.

Additionally, the Budget maintains statewide efficiency reductions included in the 2024 Budget Act intended to address ongoing statewide General Fund budget pressures. As a result, and as indicated in the 2024 Budget Act, the CSU should continue planning for a reduction of 7.95 percent in ongoing General Fund support, approximately \$375.2 million, beginning in the 2025-26 fiscal year.

SIGNIFICANT ONGOING BUDGET ADJUSTMENTS

- **Capital Fellows Salary Increase**—\$1.3 million ongoing General Fund to support a salary increase from \$3,253 per month to \$4,888 per month for the Capital Fellows, who are employed through the CSU's Center for California Studies.
- **Drug Testing Devices at Campuses**—\$345,000 ongoing General Fund to support the costs of recently chaptered legislation that requires the CSU to provide drug test devices, defined as test strips, stickers, straws, and other devices designed to detect the presence of controlled substances in a drink, at no cost to students at every on-campus health center.

CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges (CCCs) are the largest system of higher education in the country, serving roughly one out of every four of the nation's community college students, or approximately 2.1 million students. The CCCs provide basic skills, vocational, and undergraduate transfer education with 73 districts, 116 campuses, and 78 educational centers. In 2023-24, the CCCs awarded over 139,000 certificates and 199,000 degrees and transferred over 97,000 students to four-year institutions.

The Budget reflects a continued focus on the CCC multi-year roadmap, which prioritizes equity, student success, and enhancing the system's ability to prepare students for California's future.

SIGNIFICANT BUDGET ADJUSTMENTS

- **CCC Apportionments**—\$230.4 million ongoing Proposition 98 General Fund to provide a 2.43-percent cost-of-living adjustment (COLA) for Student Centered Funding Formula apportionments and \$30.4 million ongoing Proposition 98 General Fund for 0.5 percent enrollment growth.
- **Statewide Technology Transformation**—\$168 million one-time Proposition 98 General Fund for the completion of the Statewide Technology Transformation project. This project will standardize and streamline data collection across the system and achieve both efficiencies and benefits for the system as a whole. Some of the goals of this project include automation of credit transfers between institutions, enhancing data security, cost savings relating to operational efficiencies, and the adoption of a cloud-based common enterprise system that will unite college staff across the system.
- **Systemwide Common Data Platform**—\$162.5 million Proposition 98 General Fund, \$29 million of which is ongoing, for scaling of a common cloud data platform across the community college system. This data platform will accomplish several goals for the system that will provide direct benefits to student supports. Features such as integration of the Program Pathways Mapper AI, eTranscript California, the Mapping Articulated Pathways platform, and CSU Transfer Planner are some of the key ways that this investment will support the Career Education Master Plan.
- **Expanded Credit for Prior Learning Policies and Career Passport**—As mentioned above, \$100 million one-time Proposition 98 General Fund, \$7 million of which is ongoing, to build upon existing credit for prior learning policies. The investment will

be used to develop and beta-test an outcomes-based funding model that will support community college districts in the integration of credit for prior learning into the enrollment process, offering students the opportunity to receive course credit for past experiences such as military service. A key component of this proposal will be the development of a Career Passport—which is a resource that will provide students with formalized documentation of their skills and experience as they enter the workforce.

- **Community College Facilities**—\$51.5 million one-time Proposition 2 bond funds allocated for critical infrastructure, facility modernization, and enrollment growth projects for 28 community college facilities.
- **Expansion of Rising Scholars Network**—\$30 million ongoing Proposition 98 General Fund to expand the Rising Scholars Network, which provides college educational opportunities to students who have been impacted by the criminal justice system, with the goal of serving more students through the program.
- **CCC Categorical Program COLA**—\$16.0 million ongoing Proposition 98 General Fund to provide a 2.43-percent COLA for select categorical programs and the Adult Education Program.

CALIFORNIA STUDENT AID COMMISSION

The Budget reflects a total financial aid expenditure of \$3.1 billion in 2025-26, which is expected to reach over 750,000 higher education students in the state. Of this total, \$2.6 billion will be allocated to support Cal Grant. Cal Grant is the state's largest financial aid program and is administered by the California Student Aid Commission. This entitlement program provides financial aid awards to approximately 417,000 students who meet specified eligibility criteria and who attend one of the state's qualifying public, independent, or private institutions.

Students who demonstrate financial need, but do not meet all the criteria for entitlement awards, may qualify for one of 16,000 proposed competitive Cal Grant awards. The majority of these awards cover the cost of tuition and fees and provide a stipend to cover some living expenses, such as housing, food, and transportation.

The Budget provides \$527.2 million for the Middle Class Scholarship, which is the state's second-largest scholarship program. In 2025-26, approximately 327,000 students are expected to receive a Middle Class Scholarship award.

The Budget also includes \$50 million one-time General Fund to support the Golden State Teacher Grant Program. The 2021 Budget Act allocated \$500 million to the Golden State Teacher Grant Program to be available over a five-year period to support students enrolled in teacher preparation programs who commit to working in a high-need school site after program completion. The initial allocation has been almost fully expended; the new funds proposed in the Budget would provide grants to applicants in the 2025-26 fiscal year.

COLLEGE OF THE LAW, SAN FRANCISCO

College of the Law, San Francisco is affiliated with the UC system but is governed by its own Board of Directors. Located in San Francisco, it primarily serves students seeking a Juris Doctor degree but also offers programs leading to Master of Laws; Master of Studies in Law; and Master of Science, Health Policy and Law degrees. In 2023-24, College of the Law, San Francisco enrolled 1,166 full-time equivalent students. Of these, 1,107 were Juris Doctor students.

The Budget maintains statewide efficiency reductions included in the 2024 Budget Act intended to address ongoing statewide General Fund budget pressures. As a result, and as indicated in the 2024 Budget Act, the College of Law, San Francisco should continue planning for a reduction of 7.95 percent in ongoing General Fund support, approximately \$1.8 million, beginning in the 2025-26 fiscal year.

SIGNIFICANT BUDGET ADJUSTMENTS

- **McAllister Tower Second Phase**—\$10.1 million ongoing General Fund to support the debt service associated with the second phase of the McAllister Tower renovation.
- **Base Growth**—\$2.4 million ongoing General Fund to support operating costs. This represents a 3-percent increase base augmentation.

CALIFORNIA STATE LIBRARY

The California State Library serves as the central reference and research library for the Governor and the Legislature. The Library collects, preserves, generates, and disseminates information, and provides critical assistance to libraries across the state. The Library administers programs funded by state and federal funds to support local and public library programs.

SIGNIFICANT BUDGET ADJUSTMENT

- **Information Technology Enterprise Security**—\$332,000 one-time General Fund in the 2025-26 fiscal year and \$282,000 ongoing thereafter to support the State Library's cybersecurity infrastructure. These funds would replace outdated hardware and purchase renewable cloud-based security subscription services.