This report from the California Postsecondary Education Commission presents six proposals as its first priorities during the upcoming deliberations on the 1990-91 California State budget, along with three additional proposals if new monies become available. The proposals are as follows: (1) supporting full funding of the base budgets and enrollment growth in California's public universities; (2) maintaining the existing level of State General Fund support for the California Community Colleges; (3) implementing the private postsecondary education reforms of Senate Bill 190 (Morgan); (4) implementing the Commission's recommendations regarding space and utilization standards; (5) funding the needs of adult education; and (6) expanding student financial assistance. If additional monies are available, the Commission proposes (1) supporting the implementation of community college reforms contained in Assembly Bill 1725, (2) enhancing the capacity of the community colleges for long-range planning, and (3) supporting intersegmental efforts. Each proposal is discussed in turn and each discussion is followed by recommendations. Contains 7 references. (GLR)
Summary

The California Postsecondary Education Commission has adopted the following six priorities for the State budget for higher education during fiscal year 1990-91:

1. Supporting full funding of the base budgets and enrollment growth in California's public universities and colleges
   
2. Maintaining the existing level of State General Fund support for the California Community Colleges
   
3. Implementing the private postsecondary education reforms of Senate Bill 190 (Morgan)
   
4. Implementing the Commission's recommendations regarding space and utilization standards
   
5. Funding the needs of adult education
   
6. Expanding student financial assistance

The Commission has also identified these three additional priorities if funds permit:

1. Supporting the implementation of community college reforms contained in Assembly Bill 1725
   
2. Enhancing the capacity of the community colleges for long-range planning
   
3. Supporting intersegmental efforts

These priorities are based on existing Commission policy. The recommended staff actions involve working with the Legislature, the Department of Finance, and the Legislative Analyst's Office to secure adequate funding for all six priority areas.

The Commission approved this report at its meeting on January 22, 1990, on recommendation of its Administration and Liaison Committee. Additional copies of the report may be obtained from the Publications Office of the Commission at (916) 324-4991. Questions about the substance of the report may be directed to Diana Fuentes-Michel of the staff at (916) 322-8022 or to Bruce Hamlett at (916) 322-8010.
STATE BUDGET PRIORITIES
OF THE COMMISSION, 1990

A Report of the California
Postsecondary Education Commission
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HISTORICALLY, the Commission's general priorities for the annual postsecondary education budget of the State of California have been to (1) maintain and promote quality in higher education, (2) expand access to higher education for all individuals with the appropriate motivation and ability, and (3) encourage effective intersegmental programs designed to assist students in moving through the educational system to the attainment of their objectives.

The Commission's efforts to expand access to all eligible students have consistently included support for (1) an expanding enrollment capacity in the public colleges and universities, (2) sufficient financial assistance for eligible needy and capable students, and (3) effective programs to increase the number and academic achievement of students from backgrounds that are historically underrepresented in higher education. As a means to promote both quality and access, the Commission has supported competitive faculty salaries, services for disabled students, and efforts to diversify the faculty, staff, and student populations to reflect the changing population profile of the State.

The Governor's 1990-91 budget released on January 10, 1990, proposes expenditures of $53.7 billion, including $42.6 billion in General Fund appropriations that represent a 6.3 percent increase over the 1989-90 fiscal year. The Governor's budget is based on existing statutory spending limitations and a revenue forecast that predicts State revenues are down from its prior estimates, and it now anticipates that the 1989-90 fiscal year will close with an ending revenue balance of $856 million. The Department of Finance, however, projects the State's end-of-the-year General Fund balance at $1.394 million.

A second factor contributing to the uncertainty of the budget is the State's 1989-90 revenue balance. In its Winter 1989-90 Annual Long-Term General Fund Forecast Report, the Commission on State Finance indicates that State revenues are down from its prior estimates, and it now anticipates that the 1989-90 fiscal year will close with an ending revenue balance of $856 million. The Department of Finance, however, projects the State's end-of-the-year General Fund balance at $1.394 million.

A third uncertainty is the funding consequences of the October 17 Loma Prieta earthquake. To date, the Governor has authorized $247 million in expenditures for disaster assistance, the repair of housing and infrastructure damage, loan assistance, and compensation for victims killed or injured in the earthquake. The Department of Finance has estimated that the quarter-cent sales tax increase will raise $786 million in 1989-90 and 1990-91 to fund disaster relief efforts. However, the Department's preliminary cost estimates project that earthquake related relief could total over $1 billion in the next two years.

Within the context of this uncertain budget picture and the probability that funds will not be available for new programmatic efforts, the Commission presents the following six proposals as its first priorities during the upcoming deliberations on the 1990-91 State budget, with four additional proposals if new monies become available. These priorities reflect the importance the Commission places on not losing ground in areas the State has made a commitment to over the years, and on progressing toward the goals recommended in various reports by the Commission.
1. Supporting full funding of the base budgets and enrollment growth in California's public universities and colleges

The issue: For all high school graduates and community college transfer students who meet the eligibility criteria for admission to either the University of California and the California State University, California has historically provided the opportunity to enroll someplace in that institution. In order to maintain that policy of student access and opportunity, the State must support the full funding of the base budgets for all three public segments of higher education. In recent years, the University, the State University, and the California Community Colleges have all experienced unallocated budget reductions, and the Governor's 1990-91 budget includes a $14.5 million unallocated base reduction for the State University. Continued reductions in the base budgets of the public colleges and universities will have a long-term negative impact on the general quality of their academic programs and on their capacity to provide access to public baccalaureate education.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office and the legislative budget committees to support full funding of the base budgets and enrollment growth of the University of California, the California State University, and the California Community Colleges.

2. Maintaining the existing level of State General Fund support for the California Community Colleges

The issue: The California Community Colleges are charged with the responsibility of providing transfer, vocational and continuing education instruction to approximately 1.2 million students. During the 1990-91 budget year, the community colleges will continue to be financed through the State apportionment process which allocates funds on a formula basis provided by statute. During 1990-91, the community colleges will continue to face increased costs and demand for instructional and support services. Adequate funding of statutory increases for inflation, equalization, and average daily attendance (ADA) growth will be essential if local community college efforts to maintain and replace facilities and instructional equipment are to continue.

The Governor's proposed 1990-91 budget for the community colleges is nearly $2.7 billion, an increase of $181.8 million or 7.3 percent over 1989-90. The proposed General Fund expenditure of $1.7 billion provides $124.3 million or a 7.9 percent adjustment over the community colleges' 1989-90 budget. The total community college budget includes $161.6 million to support increases in these apportionments: $115.4 million for a 2 percent statutory cost-of-living adjustment, $10.9 million for equalization, and $35.3 million for statutory average daily attendance growth of 2.15 percent.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office and the legislative budget committees to support efforts to fully fund the community colleges' base allocation for inflation, equalization, and growth increases provided for in current law.

3. Implementing the private postsecondary education reforms of Senate Bill 190 (Morgan)
The issue: In 1989, the State of California made a substantial reform in private postsecondary education through the enactment of SB 190 (Morgan). This bill both establishes (1) a new Council for Private Postsecondary and Vocational Education, to monitor and approve the more than 2,000 private colleges, universities and vocational schools operating in California, and (2) more rigorous standards for these institutions. The operations of this Council will be funded through school licensure fees and federal money for the veterans' approval process, with no General Fund support. To provide an adequate staffing capacity for the new Council and its statutory responsibilities under SB 190, the annual licensure fees for all private vocational schools will increase substantially on January 1, 1990, with all other private colleges and universities to pay the higher fees as of January 1, 1991. In addition, Assembly Bill 1402 (the Maxine Waters School Reform and Student Protection Act of 1989) implements comprehensive consumer protection provisions, which first the State Department of Education (throughout 1990) and then the new Council (effective January 1, 1991) will have the responsibility to implement.

The Commission was directed through SB 190 to work with the Department of Finance, the Legislative Analyst's Office, and the Superintendent of Public Instruction to draft a proposed budget for the new Council, including a proposed fee schedule and staffing recommendations.

The proposed 1990-91 budget for the new Council on Private Postsecondary and Vocational Education is $2.1 million for the initial half year of its operations. The Council will primarily be funded from Special Fund sources that will include $1.4 million from the Private Postsecondary and Vocational Education Fund. The proposed budget also includes the establishment of 64 personnel-year positions for the Council's first-year budget.

The Commission will continue to be utilized as a resource in the development of the 1990-91 budget for the State oversight agency for private postsecondary education, since the Commission sponsored SB 190 and has been the leading proponent of the independent council. Adequate funding and staffing for the Council are essential if the objectives of SB 190 are to be achieved.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office, the State Department of Education, and the legislative budget committees to develop a budget that will provide adequate staffing and resources for the new Council for Private Postsecondary and Vocational Education.

4. Implementing the Commission's recommendations regarding space and utilization standards

The issue: The Commission was directed through the 1987 Budget Act to conduct a survey of space and utilization standards for classrooms, laboratories, and faculty offices, and determine how various academic disciplines have changed in the past several decades, and what impact those changes have had on space needs. At its January 1990 meeting, the Commission adopted its report, A Capacity for Learning: Revising Space and Utilization Standards for California Public Higher Education, which includes these recommendations that should be supported in the development of the 1991-92 State budget:

1. Application of space and utilization standards that can be applied to each postsecondary segment and campus, since existing standards are uneven in their quality and consistency;

2. Development of a viable and efficient space management system requiring the periodic compilation of comprehensive classroom and teaching laboratories utilization data by all three public postsecondary segments biennially;

3. Allocation of additional resources to support new positions within the Facilities Planning Unit in the Chancellor's Office of the California Community Colleges;

4. Relaxation in the current classroom standard and, in particular, the utilization component of that standard;

5. Continuation of current practice in the funding of University of California research space;

6. Some improvements in faculty office space, particularly for the California Community Colleges;
7. Virtually no change in teaching laboratory standards.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office, the Legislature's budget committees and the systemwide offices of the public segments in implementing the recommendations regarding space and utilization standards for postsecondary institutions, as part of the 1991-92 budget.

5. Funding the needs of adult education

The issue: As discussed in the Commission's Legislative Priorities for 1990, the Commission has recommended removal of (1) the prohibition against the starting of adult education programs by communities that lacked such programs in 1978, and (2) the cap on State funds for basic skill and English as a second language instruction in order to allow classes to expand to meet the current urgent needs.

The Commission originally made these recommendations in its 1988 report, Meeting California's Adult Education Needs, which concluded that (1) California lags behind the rest of the nation in providing adult education to its citizens, (2) access to needed educational services is limited by budgetary growth limitation and funded below current service levels in much of the State, and (3) some regions of the State are not served by any adult or non-credit education providers since only those districts with programs in existence before 1978 are authorized to offer courses.

The Governor's proposed budget for 1990-91 provides a 2.5 percent base funding increase and a 3.0 percent cost-of-living adjustment for adult education funding, but no funds for districts to start new adult education programs.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office, and the Legislature's budget committees to secure budgetary augmentations to support expanded provision of English as a second language and basic skills instruction in all communities throughout the State where unmet demand exists for such instruction.

6. Expanding student financial assistance

The issue: Between 1980-81 and 1988-89, the cost of attending college in California increased more rapidly than the rate of inflation, faster than the rate of growth in faculty incomes, and much faster than the rate of increase in State and federal student grant aid. The Commission has placed a high priority on recognizing the erosion of student financial aid opportunity and urging expanded financial assistance as a necessary means to maintain the State's commitment to access.

The State's Cal Grant A program provides a tuition and fee scholarship for needy and academically talented students. The Cal Grant B program assists low-income disadvantaged students to attain a baccalaureate degree by covering subsistence costs in their freshman year and tuition, fees, and subsistence costs for their remaining three years of college.

Two fundamental problems are eroding the ability of the Cal Grant programs to help the State meet its goals for postsecondary education -- the insufficient size of the Cal Grant awards for students attending independent and public institutions, and the inadequate number of new awards, particularly Cal Grant B. The Student Aid Commission and the California Postsecondary Education Commission last year convened an intersegmental advisory committee on the issue of the maximum Cal Grant award and recommended the amount of the maximum award for students attending nonpublic institutions to be equal to the estimated average State General Fund cost of educating a student at the public four-year institutions of higher education.

The California Student Aid Commission has submitted a Budget Change Proposal for 1990-91 requesting an additional $15.9 million, to (1) increase the number of new Cal Grant B recipients by 2,400, (2) increase the Cal Grant B subsistence level by $90 per grant, from $1,410 to $1,500, (3) increase the number of new Cal Grant A awards by 600, and (4) increase the maximum Cal Grant A award by $550 from $5,250 to $5,800. This proposal, if funded, would be
an important step toward the implementation of the policy goals of the State proposed by the Joint Committee, by expanding opportunities (1) for students unable to afford to attend college without financial assistance and (2) for students to choose the college or university of their choice. Yet the Governor's proposed budget for 1990-91 includes no additional new Cal Grant awards or increases in the current $5,250 maximum Cal Grant A award.

The Commission places a high priority on expanding financial assistance for low-income students and recommends a balanced approach to expanding both the number and size of the maximum awards.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office, and the legislative budget committees to secure additional funding for student financial assistance through a balanced approach that expands both the number and size of the awards.

Additional priorities

If additional monies are available, or the State spending authority is revised through the passage of SCA 1, the Commission recommends that the following three priorities receive particular consideration:

1. Supporting the implementation of community college reforms contained in Assembly Bill 1725

The issue: California's community colleges are in the final stage of a comprehensive reform effort that is the product of more than four years of study and review by both an independent commission and a joint legislative committee. The 1989-90 budget act provided $70 million in Phase One funds to implement the reforms provided in Assembly Bill 1725. The second and final phase of reforms will require an additional $70 million, but funds for this phase are not included in the proposed 1990-91 Governor's Budget.

The Commission, as well as the Board of Governors of the California Community Colleges and the recent Commission for the Review of the Master Plan, have all called for moving away from the average-daily-attendance-driven funding system for the community colleges. Under this system, revenues for each district are generated by a rigid State formula -- one based almost wholly on enrollments and adjusted annually by factors that do not relate directly to the revenue needs of the districts. At the same time, most spending decisions are made by local boards of trustees that receive funds appropriated through a budget process based on a statutory formula where the specific consequences of funding levels are not apparent to State officials. This stands in sharp contrast to the State's two public universities, which have some generally agreed-to standards about adequate funding for most of their operations. A broadly based Task Force on Community College Financing has recommended program-based funding for the community colleges, and this proposal is included in phase two funding of the AB 1725 reforms. This funding approach would divide community college appropriations into five categories and apply funding standards to each category -- an approach similar to the two universities. Implementation of this new funding system for the community colleges remains a high Commission priority.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office, and the legislative budget committees to support the implementation of the community college reforms contained in AB 1725.

2. Enhancing the capacity of the community colleges for long-range planning

The issue: In response to directives from both the Legislature and the Governor, the Commission has prepared an analysis of the needs of the State for expansion in postsecondary education through the year 2005. All three segments of public postsecondary education were requested to prepare statewide projections of enrollments for this planning period as part of their preliminary individual segmental plans for expansion. The Commission has the responsibility for reviewing and commenting on these plans, and identifying for the Legislature and Governor the policy options available to the State to accommodate the potential demand.
It is clear that the public postsecondary institutions will need to expand substantially their enrollment capacity during the next 15 years to accommodate the growing demand for access. The segment expected to experience the largest enrollment growth during this period is the community colleges. However, the Community Colleges Chancellor's Office has limited capability, compared with the statewide offices of the University and the State University, to undertake the dynamic and flexible planning process necessary for an effective and efficient response to the enrollment pressures. The Chancellor's Office has submitted a budget request of $193,000 for additional staffing at the State level to facilitate the enrollment planning and facilities expansion process with community college districts, but the proposed 1990-91 Governor's Budget does not provide additional funds for increased staffing.

In order to promote effective decision-making at the State level about the most cost-effective methods to expand the postsecondary enrollment capacity, it is imperative that the capacity to plan be distributed relatively evenly among the three public segments. To achieve this objective the Chancellor's Office of the California Community Colleges will need greater resources.

Recommendation: Commission staff should place a high priority on working with the Department of Finance, the Legislative Analyst's Office, and the legislative budget committees to secure appropriate funding to enhance the planning capability of the Community Colleges Chancellor's Office.

3. Supporting intersegmental efforts

The issue: During the past four years, the State's budgets have contained small amounts of money for new programs recommended by the Intersegmental Budget Task Force, and many worthwhile programs are now in operation as a result of work by that task force. The Commission supports this intersegmental framework and views it as an effective forum for the development of pilot programs to achieve the State's educational goals from kindergarten through graduate school.

The Intersegmental Budget Task Force has submitted 20 budget proposals for the 1990-91 budget, requesting a total of $23.2 million in funding. Because the Commission staff is working with the members of the task force to gather additional information about these proposals, and because Department of Finance review of these proposals has been postponed until further information about the revenue picture is available, it is premature to recommend support for any of the 20 proposals. However, Commission support for intersegmental efforts should be reemphasized and those existing intersegmental programs with a demonstrated successful record through several years of a pilot phase should be a high priority for expanded funding. In recent years, the Commission has completed an evaluation and presented recommendations on two intersegmental programs that have operated in a pilot phase during the past ten years: MESA and Cal-SoAP.

- MESA was established as a State-funded program in 1979 after nine years as a campus initiative. In January 1989, the Commission evaluated this program and concluded that it "continues to function effectively as a cooperative effort involving secondary and postsecondary educators in conjunction with private industry . . ." (January 1989, p. 11). This past October, the Commission evaluated the junior high component of MESA and recommended that this successful junior high effort be expanded to all junior high schools feeding students into the senior high school MESA. The cost for implementing this recommendation in the 1990-91 budget would be $396,000 to accommodate 49 additional junior high schools (October 1989, p. 15).

- Cal-SoAP was established in 1979 as a pilot intersegmental program to provide expanded informational services to high school students through a consortium of schools, colleges, and universities, with the objective of increasing the number of Hispanic, Black, and American Indian students who enroll in postsecondary institutions. The Commission has evaluated this program twice -- in 1983 and again in 1987 -- and concluded both times it is an effective, efficient method to increase the college-going rates of student's historically underrepresented in postsecondary studies. However, despite this success, the program operates in only limited regions of the State and remains essentially in a pilot phase.

Recommendation: Commission staff should place a high priority on working with the De-
partment of Finance, the Legislative Analyst’s Office, and the legislative budget committees to secure funding to expand intersegmental efforts, particularly those with a demonstrated record of success over a period of years.

References


THE California Postsecondary Education Commission was established in 1974 by the Legislature and Governor to coordinate the efforts of California's colleges and universities and to provide independent, non-partisan policy analysis and recommendations to the Governor and Legislature.

Members of the Commission
The Commission consists of 15 members. Nine represent the general public, with three each appointed for six-year terms by the Governor, the Senate Rules Committee, and the Speaker of the Assembly. The other six represent the major segments of postsecondary education in California.

As of February 1990, the Commissioners representing the general public are:

Mim Andelson, Los Angeles; C. Thomas Dean, Long Beach; Henry Der, San Francisco; Seymour M. Farber, M.D., San Francisco; Roselind K. Goddard, Los Angeles; Helen Z. Hansen, Long Beach; Lowell J. Paige, El Macrae; Vice Chair; Cruz Reynoso, Los Angeles; Chair; and Stephen P. Teal*, M.D., Modesto.

Representatives of the segments are:

Meredith J. Khachigian, San Clemente; appointed by the Regents of the University of California;
Theodore J. Saenger, San Francisco; appointed by the Trustees of the California State University;
John F. Parkhurst, Folsom; appointed by the Board of Governors of the California Community Colleges;
Harry Wugalter, Thousand Oaks; appointed by the Council for Private Postsecondary Educational Institutions;
Joseph D. Carrabino, Orange; appointed by the California State Board of Education; and
James B. Jamieson, San Luis Obispo; appointed by the Governor from nominees proposed by California's independent colleges and universities.

Functions of the Commission
The Commission is charged by the Legislature and Governor to "assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs."

To this end, the Commission conducts independent reviews of matters affecting the 2,600 institutions of postsecondary education in California, including community colleges, four-year colleges, universities, and professional and occupational schools.

As an advisory planning and coordinating body, the Commission does not administer or govern any institutions, nor does it approve, authorize, or accredit any of them. Instead, it cooperates with other State agencies and non-governmental groups that perform these functions, while operating as an independent board with its own staff and its own specific duties of evaluation, coordination, and planning.

Operation of the Commission
The Commission holds regular meetings throughout the year at which it debates and takes action on staff studies and takes positions on proposed legislation affecting education beyond the high school in California. By law, its meetings are open to the public. Requests to speak at a meeting may be made by writing the Commission in advance or by submitting a request before the start of the meeting.

The Commission's day-to-day work is carried out by its staff in Sacramento, under the guidance of its executive director, Kenneth B. O'Brien, who is appointed by the Commission.

The Commission publishes and distributes without charge some 30 to 40 reports each year on major issues confronting California postsecondary education. Recent reports are listed on the back cover.

Further information about the Commission, its meetings, its staff, and its publications may be obtained from the Commission offices at 1020 Twelfth Street, Third Floor, Sacramento, CA 95814-3985; telephone (916) 445-7933.
STATE BUDGET PRIORITIES OF THE COMMISSION, 1990
California Postsecondary Education Commission Report 90-8

A series of reports published by the Commission as part of its planning and coordinating response. Additional copies may be obtained without charge from the Publications Office, California Postsecondary Education Commission, Third Floor, 1020 H Street, Sacramento, California 95814-3985.

Reports of the Commission include:

- State Oversight of Postsecondary Education: Reports on California’s Licensure of Private In- serts and Reliance on Non-Governmental Accre- (A reprint of Reports 89-13, 89-17, and 89-19 1989)
- Revisions to the Commission’s Faculty Salary Policy for the California State University (June
- Updr-+ of Community College Transfer Statistics, 1988-89. The University of California, California State University, and California’s Resident Colleges and Universities (August 1989)
- California College-Going Rates, Fall 1988: The Twelfth in a Series of Reports on New_enrollments at California’s Colleges and universities by Recent Graduates of California High (September 1989)
- Supplemental Report on Academic Salaries, 89: A Report to the Governor and Legislature on Senate Concurrent Resolution No. 51 and Subsequent Postsecondary Salary Legis- (September 1989)
- Funding for the California State University’s-wide Nursing Program: A Report to the Legis- lature in Response to Supplemental Language to the -89 Budget Act (October 1989)
- First Progress Report on the Effectiveness of Segmental Student Preparation Programs: One Re. Reports to the Legislature in Response to 6420-0011-001 of the 1988-89 Budget Act (Octo-989)
- Evaluation of the Junior MESA Program: A Report to the Legislature in Response to Assembly Bill 610 (Hughes) of 1985 (October 1989)
- Legislation Affecting Higher Education During the First Year of the 1989-90 Session: A Staff Report of the California Postsecondary Education Commission (October 1989)

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