



March 13, 2024

The Honorable John Laird
Chair, Senate Budget & Fiscal Review
Subcommittee No. 1 on Education
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable David A. Alvarez
Chair, Assembly Budget Subcommittee No. 3 on
Education Finance
1021 O Street, Suite 8230
Sacramento, CA 95814

RE: Proposed 2024-2025 State Budget for Higher Education

Dear Chairs Laird and Alvarez:

As an organization committed to advancing policies and practices that dismantle the racial and economic barriers embedded in the California education system, the EdTrust-West respectfully asks that you and your colleagues on the budget subcommittees for education consider the following perspectives and recommendations for the 2024-25 higher education budget proposals.

UC & CSU Compact Funding Deferrals – CONCERN

The Governor’s Budget proposes a one-time deferral of the 2024-25 General Fund (GF) base increases promised to the University of California (UC) and California State University (CSU) pursuant to the multi-year compacts between the Administration and system offices. While we appreciate that the Governor proposes to defer rather than reduce the promised funding, we remain concerned that the state will not be positioned to fulfill this repayment obligation next year given the projected multiyear deficits.¹ It is challenging to estimate the impact of the likely operating deficits that the UC and CSU will be facing in 2024-2025, but it will almost certainly have negative consequences for low income students and students of color. The level of impact will ultimately depend on how the system offices plan to address the shortfall after the final 2024 Budget Act is adopted. It is important to note that campuses will struggle to make progress on student success and equity without the appropriate resources given that the UC and CSU are already struggling to close equity gaps and meet enrollment targets within the existing compact framework and funding.^{2,3}

Given the uncertainty regarding state revenues and how UC and CSU would address significant budget gaps, **we respectfully recommend the Governor and Legislature provide more specificity on a plan to repay the deferred funding and in the meantime, ensure the protection of investments and programs designed to advance student access and success and close equity gaps.** Such programs include but are not limited to the CSU Black Student Success Initiative, UC’s Student Academic Preparation and Educational Partnerships (SAPEP), and various student basic needs programs.

¹ The 2024-25 Budget: California’s Fiscal Outlook (Legislative Analyst’s Office): <https://lao.ca.gov/Publications/Report/4819>

² University of California Multi-Year Compact Annual Report, November 2023: https://www.ucop.edu/operating-budget/files/legreports/2023-24/2023_uc_multi-year_compact_annual_legrpt.pdf

³ Multiyear Compact Progress Report, The California State University, November 2023: <https://www.calstate.edu/impact-of-the-csu/government/Advocacy-and-State-Relations/legislative-reports/1/governors-compact-legislative-report-signed.pdf>



Deferral of UC Resident Undergraduate Enrollment Growth – CONCERN

The Governor’s Budget proposes a one-time deferral of approximately \$31 million ongoing GF, which is intended 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 at these campuses. The EdTrust-West has traditionally supported these investments as we know that low-income students, first-generation students, and students of color can sometimes be place-bound and put college off altogether if they cannot access seats at their local campuses.⁴ We also urge the UC to prioritize outreach to Black, Latinx, Native American, and underrepresented Asian American learners to address access and opportunity gaps.⁵ We must express our **CONCERN that delays of this funding, alongside delays in compact funding, could lead the UC to increase nonresident undergraduate enrollment to backfill operating cost increases.**

CCC Roadmap, COLA, and enrollment growth – SUPPORT

The Governor’s Budget proposes a 0.76% cost-of-living-adjustment (COLA) for Student Centered Funding Formula (SCFF) apportionments and select categorical programs, plus nearly \$30M ongoing Prop 98 GF for 0.5% enrollment growth at the California Community Colleges (CCC). Most importantly, no cuts are proposed to the CCC budget thanks to proposed withdrawals from the K-14 Rainy Day Fund. We appreciate the state’s commitment to providing predictable operating increases for the CCC. The proposed COLA and enrollment funding will continue to help colleges navigate post-pandemic challenges and incentivize campuses to make strides toward equity for their students, pursuant to the new [Vision 2030](#) goals. It is critical that the Legislature maintain the proposed withdrawals from reserves to avoid cuts to CCC system funding as this segment serves the largest share of low-income students and students of color.⁶ **We respectfully request that the Legislature adopt this proposal and continue to emphasize the importance of accountability, oversight, and race-conscious goals/metrics to ensure campuses are making progress on student success.**

Cal Grant Reform – SUPPORT

The Governor’s Budget does not propose any new investments for Cal Grant Reform, which was enacted in the 2022 Budget Act, contingent upon available revenues in 2024. Financial aid for college students has not kept pace with the cost of attendance and with inflation at sky-high levels, the consequences once again continue to hit students of color living in poverty the hardest. EdTrust-West supported reforms to the Cal Grant program and was excited to see this historic reform enacted. Yet without a plan for funding, this amounts to a promise not yet fulfilled. Cal Grant reform will make college more affordable and accessible for over 150,000 more low-income students, many of whom are student-parents and students of color.⁷ While we recognize the challenging budget landscape the state is facing this year, we respectfully ask the Legislature to **prioritize funding for Cal Grant reform and make a meaningful first step towards implementation.**

⁴ Shut Out – The Need to Increase Access to the UC and the CSU (Campaign for College Opportunity):

<https://collegecampaign.org/wp-content/uploads/imported-files/Shut-Out-Report-final.pdf>

⁵ <https://www.latimes.com/california/story/2022-10-31/california-banned-affirmative-action-uc-struggles-for-diversity>

⁶ <https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Digital-Innovation-and-Infrastructure/research-data-analytics/data-snapshot/student-demographics>

⁷ A Milestone for Student Equity: The Cal Grant Equity Framework Prioritizes College Affordability and Eligibility (CSAC): https://www.csac.ca.gov/sites/main/files/file-attachments/cal_grant_equity_and_the_2022-23_state_budget.pdf?1661204719



The Education Trust–West

Fierce advocates for educational justice,
pre-k through college

Thank you for considering our views.

Sincerely,

Brian M. Rivas
Senior Director, Policy and Government Relations
The Education Trust-West

cc: Members of Senate Budget & Fiscal Review Subcommittee No.1 on Education
Members of Assembly Budget Subcommittee No. 3 on Education Finance
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee
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