

AMENDED IN SENATE JUNE 13, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 94

Introduced by Committee on Budget (Blumenfield (Chair), Bloom, Bonilla, Campos, Chesbro, Daly, Dickinson, Gordon, Jones-Sawyer, Mitchell, Mullin, Muratsuchi, Nazarian, Rendon, Skinner, Stone, and Ting)

January 10, 2013

An act relating to the Budget Act of 2013. An act to add Sections 69515.5, 89762, 92493, 92494, 92495, 92495.5, and 92496 to, to add Article 22 (commencing with Section 70020) to Chapter 2 of Part 42 of Division 5 of, to add Article 10 (commencing with Section 89290) and Article 10.5 (commencing with Section 89295) to Chapter 2 of Part 55 of Division 8 of, to add Article 7.5 (commencing with Section 92670) and Article 7.7 (commencing with Section 92675) to Chapter 6 of Part 57 of Division 9 of, Title 3 of, the Education Code, and to add Section 13313 to the Government Code, relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 94, as amended, Committee on Budget. ~~Budget Act of 2013.~~
Education finance: higher education.

(1) Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. Under existing law, the commission, among other things, administers the Cal Grant Program, the Student Opportunity and Access Program, the Assumption Program of Loans

for Education, the Graduate Assumption Program of Loans for Education, the Public Interest Attorney Loan Repayment Program, and the California State Work-Study Program. The commission also oversees the state's participation in the Federal Family Education Loan Program.

This bill would authorize the commission to enter into an agreement with a public agency of a state other than California, or a private entity related to an agency of another state, to assist the other agency or entity in implementing financial aid programs, including assistance with processing grants, fellowships, and loans through the use of automated information systems. The bill would create a Financial Aid Technical Assistance Fund, and would make moneys in the fund available to the commission, upon appropriation by the Legislature, for purposes of the bill. The bill would require the commission to establish fees for services provided under the bill, and would require that the fees be deposited in the fund. The bill would authorize the use of residual moneys in the fund for improvement of financial aid services for California. The bill would require the commission, beginning October 1, 2014, to submit an annual report, as prescribed, to the Department of Finance and the Joint Legislative Budget Committee detailing the total revenues collected in the fund, by service provided and applicable fee collected, and the use of the moneys in the fund.

(2) Existing law provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees and tuition, among other fees, be paid by students at these institutions.

This bill would establish the Middle Class Scholarship Program under the administration of the Student Aid Commission. The bill would provide that, subject to an available and sufficient appropriation, commencing with the 2014–15 academic year, undergraduate students enrolled at the University of California or the California State University would receive a scholarship award that, combined with other publicly funded student financial aid, as defined, received by an eligible student, would be up to 40% of the amount charged to that student for mandatory systemwide tuition in that fiscal year if the student meets the following conditions: has an annual household income that does not exceed \$150,000; satisfies specified requirements for a Cal Grant award; is a resident of this state or exempt from paying nonresident tuition; files specified financial aid forms; makes timely application or applications

for publicly funded student financial aid, as defined, for which he or she is eligible; and maintains at least a 2.0 grade point average.

The bill would provide that a student whose annual household income exceeds \$100,000, but does not exceed \$150,000, and who otherwise meets the program requirements, would receive a scholarship award that is reduced in accordance with prescribed calculations.

The bill would require, in order for students enrolled in their respective segments to remain eligible to receive financial aid under the bill, that the University of California and the California State University maintain their respective institutional need-based grant program policies and maintain their funding amounts at a level that, at a minimum, is equal to the level maintained during the 2013–14 academic year.

The bill would require the Student Aid Commission to annually determine if the amounts appropriated under the bill in each fiscal year are sufficient to cover the costs of the scholarships as projected to be awarded pursuant to the program. The bill would require, if those amounts are not sufficient for this purpose, that the scholarships be reduced proportionately by an equal percentage for all recipients of scholarships under the bill.

The bill would establish the Middle Class Scholarship Fund, and would specify amounts to be transferred, upon the order of the Director of Finance, from the General Fund to the Middle Class Scholarship Fund for annual appropriation to the Student Aid Commission for allocation for purposes of the bill. The bill, beginning with the 2014–15 fiscal year, would require the Department of Finance to include in the Governor’s Budget proposal a fund condition statement for the Middle Class Scholarship Fund for the fiscal year of the proposed budget and the 2 immediately preceding fiscal years.

(3) Existing law establishes the California State University, under the administration of the Trustees of the California State University, as one of the segments of public postsecondary education in this state.

This bill would require the California State University to report biennially to the Legislature and the Department of Finance, beginning on or before October 1, 2014, and on or before October 1 of each even-numbered year through 2020, on the total costs of education at the university on a systemwide and campus-by-campus basis, as specified.

This bill, commencing with the 2013–14 academic year, would require the California State University to report, by March 1 of each year, on

specified performance measures, including various calculations of graduation rates and amounts spent per degree, for the preceding academic year.

This bill would require the contributions of the California State University to the Public Employees' Retirement Fund to be based on pensionable compensation and the rates set forth in the annual Budget Act and to be paid out of the total appropriation of the university in the annual Budget Act. The bill would specify that, beginning in the 2013–14 fiscal year and each fiscal year thereafter, annual adjustments to the appropriation for the pension contributions of the California State University would be based on the university's pensionable payroll for the 2013–14 fiscal year, as identified by the Controller's office.

This bill would authorize the Director of Finance to defer payment of General Fund moneys, in a cumulative amount not to exceed \$250,000,000 annually, appropriated to the California State University in the annual Budget Act, for payment in May or June of the same fiscal year for which the original payment would have been made.

(4) Existing law creates the University of California, administered by the Regents of the University of California, as one of the segments of public postsecondary education in the state. The University of California operates campuses at Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara, and Santa Cruz.

Existing law authorizes the University of California to issue revenue bonds, secured by a specified pledge of revenues.

This bill would authorize the University of California to pledge its annual General Fund support appropriation, less certain amounts, to secure the payment of its general revenue bonds or commercial paper associated with the general revenue bond program. The bill would authorize the university to fund debt service for capital expenditures, as defined, from its General Fund support appropriation, as specified. The bill would provide that these provisions do not require the Legislature to make an appropriation from the General Fund to the university in any specific amount. The bill would also authorize the university to fund pay-as-you-go capital outlay projects from its General Fund support appropriation, as specified.

This bill would require the University of California, if it is able to reduce annual debt service costs by refunding, defeasing, or retiring general obligation bonds or State Public Works Board lease revenue bonds pursuant to these provisions, to annually contribute an equal

amount to reduce the existing unfunded liability of the University of California Retirement Plan.

This bill would require the University of California to report to the Joint Legislative Budget Committee and the Department of Finance if it plans to use any of its support appropriation for capital outlay projects in each fiscal year, as specified. The bill would require the committee and the department to review the report by specified dates, and would authorize the department to approve capital outlay projects pursuant to specified procedures. The bill would also require the university to submit a progress report by April 1 of each year to the committee and the department detailing the scope and funding of each project.

The bill would require the university to manage its general revenue bond program so that not more than 15% of its General Fund support appropriation, less a prescribed amount, is used for the total of the following: debt service for specified capital expenditures, pay-as-you-go capital outlay, and State Public Works Board rental payments.

This bill would require the University of California to report biennially to the Legislature and the Department of Finance, beginning on or before October 1, 2014, and on or before October 1 of each even-numbered year through 2020, on the total costs of education at the university on a systemwide and campus-by-campus basis, as specified.

This bill, commencing with the 2013–14 academic year, would require the University of California to report, by March 1 of each year, on specified performance measures, including various calculations of graduation rates and amounts spent per degree, for the preceding academic year.

This bill would appropriate \$375,000 from the 1996 Higher Education Capital Outlay Bond Fund to the University of California for the purpose of funding the equipment phase of the Science and Engineering Building at the Merced campus, as specified, during the 2013–14 fiscal year, with the appropriation available for encumbrance until June 30, 2016, subject to the enactment of a resolution by the Regents of the University of California requiring the payment of prevailing wage rates by the contractors and subcontractors working on this project, and all other capital outlay projects undertaken by the University of California that are funded using nonstate funds or are otherwise not financed with the funds appropriated for this project, during the 2013–14 fiscal year.

This bill would require the University of California to allocate and encumber from a specified appropriation the amount necessary to pay

in full all amounts that are reasonably anticipated to become due and payable during the 2013–14 fiscal year for lease revenue and general obligation bond debt service. The bill would require the Controller to transfer funds from the specified appropriation in accordance with specified schedules.

This bill would allocate \$15,000,000 from a specified appropriation in the Budget Act of 2013 to the Regents of the University of California for the School of Medicine at the University of California, Riverside, for specified purposes.

The bill would require, on or before April 1 of each year, the University of California to provide progress reports and specified information consistent with the published mission and vision of the University of California, Riverside, School of Medicine to the relevant policy and fiscal committees of the Legislature pertaining to funding, recruitment, hiring, and outcomes for the University of California, Riverside, School of Medicine.

The bill would declare that the absence of language in the Budget Act of 2013 specifying that the University of California and the Hastings College of the Law shall use budgeted funds for retirement costs is not an indication of legislative support for, or acceptance of, increased retirement costs being paid for by employees of the University of California and the Hastings College of the Law.

(5) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2013.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 69515.5 is added to the Education Code,
- 2 to read:
- 3 69515.5. (a) The commission may enter into an agreement
- 4 with a public agency of a state other than California, or a private
- 5 entity related to an agency of another state, to assist the other
- 6 agency or entity in implementing student financial aid programs,
- 7 including providing assistance with processing grants, fellowships,
- 8 and loans through the use of automated information systems. The
- 9 commission may receive payment, reimbursement, or other

1 resources as consideration for services provided pursuant to
2 agreements entered into under this section.

3 (b) The commission shall establish fees for services it provides
4 pursuant to this section in order to recover, at a minimum, the full
5 costs of providing those services, including all direct and indirect
6 costs.

7 (c) The Financial Aid Technical Assistance Fund is hereby
8 created in the State Treasury, and moneys in the fund shall be
9 available, upon appropriation by the Legislature to the commission,
10 for the direct and indirect costs of providing assistance to agencies
11 and entities of other states with implementation of Dream Act
12 programs and to improve financial aid services for California.
13 The commission shall deposit the proceeds of the fees established
14 under this section into the fund. Only the moneys received for
15 purposes of this section shall be deposited into the fund. The fund
16 shall be credited with all of the investment income earned by the
17 moneys deposited in the fund. Moneys in the fund are not part of
18 the General Fund as defined in Section 16300 of the Government
19 Code.

20 (d) The commission shall use moneys deposited in the fund for
21 all costs associated with providing technical assistance to agencies
22 of states other than California, and related private entities,
23 pursuant to this section, and moneys remaining in the fund after
24 those costs are retired shall be used to improve student financial
25 aid services for California. Prior to the expenditure of these
26 residual funds, the commission shall submit a detailed expenditure
27 plan for approval by the Department of Finance as part of the
28 annual budget process.

29 (e) Beginning October 1, 2014, the commission shall submit an
30 annual report to the Department of Finance and the Joint
31 Legislative Budget Committee detailing the total revenues collected
32 in the fund, by service provided and applicable fee collected, and
33 the use of the moneys in the fund.

34 SEC. 2. Article 22 (commencing with Section 70020) is added
35 to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education
36 Code, to read:

1 Article 22. *Middle Class Scholarship Program*

2
3 70020. *The Middle Class Scholarship Fund is hereby*
4 *established in the State Treasury. Moneys in the fund shall be*
5 *allocated, in accordance with this article, to make higher education*
6 *more affordable.*

7 70021. *The Middle Class Scholarship Program is hereby*
8 *established under the administration of the Student Aid*
9 *Commission. For purposes of this article, “commission” means*
10 *the Student Aid Commission.*

11 70022. (a) (1) *Subject to an available and sufficient*
12 *appropriation, commencing with the 2014–15 academic year, an*
13 *undergraduate student enrolled in the California State University*
14 *or the University of California who meets the requirements of*
15 *paragraph (2) is eligible for a scholarship award as described in*
16 *that paragraph.*

17 (2) *Each academic year, except as provided in paragraphs (3)*
18 *and (4), a student shall receive a scholarship award in an amount*
19 *that, combined with other publicly funded student financial aid*
20 *received by an eligible student, is up to 40 percent of the amount*
21 *charged to that student in that academic year for mandatory*
22 *systemwide tuition, if all of the following requirements are met:*

23 (A) *The student’s annual household income does not exceed*
24 *one hundred fifty thousand dollars (\$150,000). For purposes of*
25 *this article, annual household income shall be calculated in a*
26 *manner that is consistent with the requirements applicable to the*
27 *Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program*
28 *(Chapter 1.7 (commencing with Section 69430)) and Section 69506.*

29 (B) *The student satisfies the eligibility requirements for a Cal*
30 *Grant award pursuant to Section 69433.9, except that a student*
31 *who is exempt from nonresident tuition under Section 68130.5*
32 *shall not be required to satisfy the requirements of subdivision (a)*
33 *of Section 69433.9.*

34 (C) *The student is exempt from paying nonresident tuition.*

35 (D) *The student completes and submits a Free Application for*
36 *Federal Student Aid (FAFSA) application. If the student is not able*
37 *to complete a FAFSA application, the student submits an*
38 *application determined by the commission to be equivalent to the*
39 *FAFSA application for purposes of this article.*

1 (E) The student makes a timely application or applications for
2 publicly funded student financial aid from programs for which he
3 or she is eligible, other than the program established by this article.
4 For purposes of this article, “publicly funded student financial
5 aid” shall be defined as the federal Pell Grant Program, the Cal
6 Grant Program, and institutional need-based grants.

7 (F) The student maintains at least a 2.0 grade point average in
8 a manner that is consistent with the requirements applicable to
9 the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
10 (Chapter 1.7 (commencing with Section 69430)).

11 (3) The scholarship award under this article to a student whose
12 annual household income is greater than one hundred thousand
13 dollars (\$100,000), and who otherwise meets the requirements of
14 paragraph (2), shall be reduced by 0.6-percent increments, from
15 a maximum 40 percent of mandatory systemwide tuition for an
16 academic year to a minimum 10 percent of mandatory systemwide
17 tuition for an academic year, per one thousand dollars (\$1,000)
18 of annual household income in excess of one hundred thousand
19 dollars (\$100,000), provided that no scholarship award shall be
20 provided to a student with an annual household income of one
21 hundred fifty thousand dollars (\$150,000) or more. This reduction
22 shall be in addition to any reduction required by subdivision (e)
23 of Section 70023.

24 (4) For the 2014–15, 2015–16, and 2016–17 academic years,
25 the maximum amount of a student’s scholarship award shall be
26 35 percent, 50 percent, and 75 percent, respectively, of the total
27 scholarship award amount that the student would otherwise be
28 eligible to receive.

29 (b) In order for students enrolled in their respective segments
30 to remain eligible to receive a scholarship under this article, the
31 University of California and the California State University shall
32 maintain their respective institutional need-based grant program
33 policies, and shall maintain their funding amounts at a level that,
34 at a minimum, is equal to the level maintained during the 2013–14
35 academic year.

36 (c) The University of California and the California State
37 University shall report on the implementation of this article as
38 part of the report made pursuant to Section 66021.1.

39 70023. (a) For each academic year, the commission shall
40 determine an amount sufficient, when combined with Cal Grants,

1 Pell Grants, and institutional need-based grants received by
2 eligible students from other sources, to provide scholarships to
3 eligible students in the amounts described in paragraphs (2) and
4 (3) of subdivision (a) of Section 70022. The University of California
5 and the California State University shall provide the commission
6 with any financial aid data that are necessary for the determination
7 of these amounts.

8 (b) The commission shall annually determine if the amounts
9 appropriated under this section in each fiscal year are sufficient
10 to cover the costs of the scholarships as projected to be awarded
11 pursuant to the program. If those amounts are not sufficient for
12 this purpose, the scholarships shall be reduced proportionately
13 by an equal percentage for all recipients of scholarships under
14 this article.

15 (c) The commission may adopt regulations necessary to carry
16 out the purposes of this article under subdivision (b) as emergency
17 regulations in accordance with Chapter 3.5 (commencing with
18 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
19 Code. For purposes of the Administrative Procedure Act, including
20 Section 11349.6 of the Government Code, the adoption of those
21 regulations shall be deemed to be an emergency and necessary
22 for the immediate preservation of the public peace, health and
23 safety, or general welfare, notwithstanding subdivision (e) of
24 Section 11346.1 of the Government Code. Notwithstanding
25 subdivision (e) of Section 11346.1 of the Government Code, any
26 regulation adopted pursuant to this section shall not remain in
27 effect more than 180 days unless the commission complies with
28 all provisions of Chapter 3.5 (commencing with Section 11340)
29 of Part 1 of Division 3 of Title 2 of the Government Code, as
30 required by subdivision (e) of Section 11346.1 of the Government
31 Code.

32 (d) The unencumbered balance, as of June 30 of each fiscal
33 year, of the amount appropriated from the Middle Class
34 Scholarship Fund pursuant to paragraph (1) of subdivision (e)
35 shall revert to the General Fund.

36 (e) (1) Upon order of the Director of Finance, the following
37 amounts shall be transferred from the General Fund to the Middle
38 Class Scholarship Fund, and are hereby appropriated to the
39 commission for allocation pursuant to this article:

1 (A) For the 2014–15 fiscal year, one hundred seven million
2 dollars (\$107,000,000).

3 (B) For the 2015–16 fiscal year, one hundred fifty-two million
4 dollars (\$152,000,000).

5 (C) For the 2016–17 fiscal year, two hundred twenty-eight
6 million dollars (\$228,000,000).

7 (D) For the 2017–18 fiscal year and for each fiscal year
8 thereafter, three hundred five million dollars (\$305,000,000).

9 (2) An annual appropriation to the commission is hereby
10 established in the amounts and for the fiscal years described in
11 paragraph (1) to carry out the purposes of this section and Section
12 70022.

13 (3) The funds transferred and appropriated pursuant to
14 paragraph (1) shall only be available for encumbrance in the fiscal
15 year in which they are transferred, and the General Fund shall
16 have no liability or any obligation beyond the transfers explicitly
17 authorized in paragraph (1) unless a subsequent transfer or
18 allocation is required pursuant to statute.

19 (4) In any fiscal year, additional appropriations may be enacted
20 pursuant to statute to carry out the purposes of this article.

21 (5) (A) Beginning with the Governor’s Budget proposal for the
22 2014–15 fiscal year, and in the Governor’s Budget for each fiscal
23 year thereafter, the Department of Finance shall include a fund
24 condition statement for the Middle Class Scholarship Fund for the
25 fiscal year of the proposed budget and the two immediately
26 preceding fiscal years prepared in accordance with existing law.

27 (B) Upon order of the Director of Finance and commencing
28 with the 2013–14 fiscal year, if the May Revision projects a budget
29 deficit for the next fiscal year, the amount specified in paragraph
30 (1) for the fiscal year for which the budget deficit is projected may
31 be reduced by up to 33 percent. Upon order of the Director of
32 Finance, beginning with the 2016–17 fiscal year, and each year
33 thereafter, if the May Revision projects a deficit for the next fiscal
34 year, the amount specified in paragraph (1) may be reduced to an
35 amount greater than or equal to two hundred million dollars
36 (\$200,000,000).

37 (f) Subject to an appropriation in the annual Budget Act for its
38 purposes, the commission may begin implementation of, and
39 establish outreach services relating to, this article.

1 *SEC. 3. Article 10 (commencing with Section 89290) is added*
2 *to Chapter 2 of Part 55 of Division 8 of Title 3 of the Education*
3 *Code, to read:*

4

5 *Article 10. Expenditures for Undergraduate and Graduate*
6 *Instruction and Research Activities*

7

8 89290. (a) *The California State University shall report*
9 *biennially to the Legislature and the Department of Finance, on*
10 *or before October 1, 2014, and on or before October 1 of each*
11 *even-numbered year thereafter, on the total costs of education at*
12 *the California State University.*

13 (b) *The report prepared under this section shall identify the*
14 *costs of undergraduate education, graduate academic education,*
15 *graduate professional education, and research activities. All four*
16 *categories listed in this subdivision shall be reported in total and*
17 *disaggregated separately by health sciences disciplines, disciplines*
18 *included in paragraph (10) of subdivision (b) of Section 89295,*
19 *and all other disciplines. The university shall also separately report*
20 *on the cost of education for postbaccalaureate teacher education*
21 *programs. For purposes of this report, research for which a student*
22 *earns credit toward his or her degree program shall be identified*
23 *as undergraduate education or graduate education, as appropriate.*

24 (c) *The costs shall also be reported by fund source, including*
25 *all of the following:*

26 (1) *State General Fund.*

27 (2) *Systemwide tuition and fees.*

28 (3) *Nonresident tuition and fees and other student fees.*

29 (d) *For any report submitted under this section before January*
30 *1, 2017, the costs shall, at a minimum, be reported on a systemwide*
31 *basis. For any report submitted under this section on or after*
32 *January 1, 2017, the costs shall be reported on both a systemwide*
33 *and campus-by-campus basis.*

34 (e) *A report to be submitted pursuant to this section shall be*
35 *submitted in compliance with Section 9795 of the Government*
36 *Code.*

37 (f) *Pursuant to Section 10231.5 of the Government Code, the*
38 *requirement for submitting a report under this section shall be*
39 *inoperative on January 1, 2021, pursuant to Section 10231.5 of*
40 *the Government Code.*

1 *SEC. 4. Article 10.5 (commencing with Section 89295) is added*
2 *to Chapter 2 of Part 55 of Division 8 of Title 3 of the Education*
3 *Code, to read:*

4
5 *Article 10.5. Reporting of Performance Measures*
6

7 89295. (a) *For purposes of this section, the following terms*
8 *are defined as follows:*

9 (1) *The “four-year graduation rate” means the percentage of*
10 *a cohort that entered the university as freshmen that successfully*
11 *graduated within four years.*

12 (2) *The “six-year graduation rate” means the percentage of a*
13 *cohort that entered the university as freshmen that successfully*
14 *graduated within six years.*

15 (3) *The “two-year transfer graduation rate” means the*
16 *percentage of a cohort that entered the university as junior-level*
17 *transfer students from the California Community Colleges that*
18 *successfully graduated within two years.*

19 (4) *The “three-year transfer graduation rate” means the*
20 *percentage of a cohort that entered the university as junior-level*
21 *transfer students from the California Community Colleges that*
22 *successfully graduated within three years.*

23 (5) *“Low-income students” means students who receive a Pell*
24 *Grant at any time during their matriculation at the institution.*

25 (b) *Commencing with the 2013–14 academic year, the California*
26 *State University shall report, by March 1 of each year, on the*
27 *following performance measures for the preceding academic year,*
28 *to inform budget and policy decisions and promote the effective*
29 *and efficient use of available resources:*

30 (1) *The number of transfer students enrolled annually from the*
31 *California Community Colleges, and the percentage of transfer*
32 *students as a proportion of the total undergraduate student*
33 *population.*

34 (2) *The number of low-income students enrolled annually and*
35 *the percentage of low-income students as a proportion of the total*
36 *student population.*

37 (3) *The systemwide four-year and six-year graduation rates for*
38 *each cohort of students and, separately, for low-income students.*

- 1 (4) *The systemwide two-year and three-year transfer graduation*
2 *rates for each cohort of students and, separately, for each cohort*
3 *of low-income students.*
- 4 (5) *The number of degree completions annually, in total and*
5 *for the following categories:*
- 6 (A) *Freshman entrants.*
7 (B) *Transfer students.*
8 (C) *Graduate students.*
9 (D) *Low-income students.*
- 10 (6) *The percentage of first-year undergraduates who have*
11 *earned sufficient course credits by the end of their first year of*
12 *enrollment to indicate they will complete a degree in four years.*
- 13 (7) *For all students, the total amount of funds received from all*
14 *sources identified in subdivision (c) of Section 89290 for the year,*
15 *divided by the number of degrees awarded that same year.*
- 16 (8) *For undergraduate students, the total amount of funds*
17 *received from all sources identified in subdivision (c) of Section*
18 *89290 for the year expended for undergraduate education, divided*
19 *by the number of undergraduate degrees awarded that same year.*
- 20 (9) *The average number of course credits accumulated by*
21 *students at the time they complete their degrees, disaggregated by*
22 *freshman entrants and transfers.*
- 23 (10) (A) *The number of degree completions in science,*
24 *technology, engineering, and mathematics (STEM) fields,*
25 *disaggregated by undergraduate students, graduate students, and*
26 *low-income students.*
- 27 (B) *For purposes of subparagraph (A), “STEM fields” include,*
28 *but are not necessarily limited to, all of the following: computer*
29 *and information sciences, engineering and engineering*
30 *technologies, biological and biomedical sciences, mathematics*
31 *and statistics, physical sciences, and science technologies.*
- 32 SEC. 5. *Section 89762 is added to the Education Code, to read:*
33 89762. (a) *The contributions of the California State University*
34 *to the Public Employees’ Retirement Fund, as provided by Section*
35 *20822 of the Government Code, shall be based on pensionable*
36 *compensation and the rates set forth in the Budget Act, and shall*
37 *be paid out of the California State University total appropriation*
38 *in the annual Budget Act.*
- 39 (b) *Beginning in the 2013–14 fiscal year and each fiscal year*
40 *thereafter, annual adjustments to the budget allocation for*

1 *California State University pension contributions shall be based*
2 *on the university's actual 2013–14 fiscal year pensionable payroll,*
3 *as identified by the Controller's office, by funding source and state*
4 *member categories, and the incremental change in the rates set*
5 *forth in the annual Budget Act.*

6 *(c) Budget adjustments under this section shall not be made for*
7 *subsequent changes in payroll.*

8 *(d) Pension funding for the university shall be identified*
9 *annually in the Budget Act.*

10 *SEC. 6. Section 92493 is added to the Education Code, to read:*

11 *92493. (a) The University of California may pledge, along*
12 *with its other revenues, its annual General Fund support*
13 *appropriation less the amount of that appropriation that is required*
14 *to fund general obligation bond payments and the State Public*
15 *Works Board rental payments, to secure the payment of any of the*
16 *university's general revenue bonds or commercial paper associated*
17 *with the general revenue bond program. To the extent the university*
18 *pledges any part of its support appropriation as a source of*
19 *revenue securing any obligation, it shall provide that this*
20 *commitment of revenue is subject to annual appropriation by the*
21 *Legislature. The university may fund debt service for capital*
22 *expenditures defined in subdivision (b) from its General Fund*
23 *support appropriation pursuant to Sections 92495 and 92495.5.*
24 *The state hereby covenants with the holders of the university's*
25 *obligations secured by the pledge of the university permitted by*
26 *this section that, so long as any of the obligations referred to in*
27 *this subdivision remain outstanding, the state will not impair or*
28 *restrict the ability of the university to pledge any support*
29 *appropriation or support appropriations that may be enacted for*
30 *the university. The university may include this covenant of the state*
31 *in the agreements or other documents underlying the university's*
32 *obligations to this effect.*

33 *(b) For purposes of this section, "capital expenditures" shall*
34 *mean (1) the costs to design, construct, or equip academic facilities*
35 *to address seismic and life safety needs, enrollment growth, or*
36 *modernization of out-of-date facilities, and renewal or expansion*
37 *of infrastructure to serve academic programs, or (2) the debt*
38 *service amount associated with refunding, defeasing, or retiring*
39 *State Public Works Board lease revenue bonds.*

1 (c) *Nothing in this section shall require the Legislature to make*
2 *an appropriation from the General Fund in any specific amount*
3 *to support the University of California.*

4 (d) *The ability to utilize its support appropriation as stated in*
5 *this section shall not be used as a justification for future increases*
6 *in student tuition, additional employee layoffs, or reductions in*
7 *employee compensation at the University of California.*

8 SEC. 7. *Section 92494 is added to the Education Code, to read:*

9 92494. (a) *The University of California may fund*
10 *pay-as-you-go capital outlay projects from its General Fund*
11 *support appropriation pursuant to Sections 92495 and 92495.5.*

12 (b) *For purposes of this section, “capital outlay project” shall*
13 *mean the costs to design, construct, or equip academic facilities*
14 *to address seismic and life safety needs, enrollment growth, or*
15 *modernization of out-of-date facilities, and renewal or expansion*
16 *of infrastructure to serve academic programs.*

17 SEC. 8. *Section 92495 is added to the Education Code, to read:*

18 92495. (a) *Commencing with the 2013–14 fiscal year and for*
19 *each fiscal year thereafter, if the University of California plans to*
20 *use any of its support appropriation in the annual budget for the*
21 *subsequent fiscal year for capital expenditures pursuant to Section*
22 *92493, as defined in paragraph (1) of subdivision (b) of that*
23 *section, or for capital outlay projects pursuant to Section 92494,*
24 *it shall simultaneously submit, on or before September 1 nine*
25 *months before the commencement of that fiscal year, a report to*
26 *the Joint Legislative Budget Committee and the Department of*
27 *Finance. This report shall detail the scope of each capital outlay*
28 *project or expenditure and how it will be funded, and it shall*
29 *provide the same level of detail as a capital outlay budget change*
30 *proposal. The Department of Finance shall review the report and*
31 *submit a list of preliminarily approved projects to the Joint*
32 *Legislative Budget Committee by February 1. The Department of*
33 *Finance shall submit a final list of approved projects to the*
34 *University of California no earlier than April 1, three months*
35 *before the commencement of the fiscal year of the planned*
36 *expenditures. The University of California shall not proceed with*
37 *any capital expenditures pursuant to Section 92493, as defined in*
38 *paragraph (1) of subdivision (b) of that section, or capital outlay*
39 *projects pursuant to Section 92494, prior to receiving approval*
40 *from the Department of Finance pursuant to this subdivision.*

1 (b) For the 2013–14 fiscal year only, if the University of
2 California plans to use any of its support appropriation in the
3 annual budget for the 2013–14 fiscal year for capital expenditures
4 pursuant to Section 92493, as defined in paragraph (1) of
5 subdivision (b) of that section, or for capital outlay projects
6 pursuant to Section 92494, it shall simultaneously submit, on or
7 before August 1 of that fiscal year, a report to the Joint Legislative
8 Budget Committee and the Department of Finance. This report
9 shall detail the scope of each capital outlay project or expenditure
10 and how it will be funded, and it shall provide the same level of
11 detail as a capital outlay budget change proposal. The Department
12 of Finance shall review the report and submit a list of preliminarily
13 approved projects to the Joint Legislative Budget Committee by
14 November 1 of that fiscal year. The Department of Finance shall
15 submit a final list of approved projects to the University of
16 California no earlier than December 1 of that fiscal year. The
17 University of California shall not proceed with any capital
18 expenditures pursuant to Section 92493, as defined in paragraph
19 (1) of subdivision (b) of that section, or capital outlay projects
20 pursuant to Section 92494, prior to receiving approval from the
21 Department of Finance pursuant to this subdivision.

22 (c) Notwithstanding subdivision (b), the University of California
23 may use the authority provided in Section 92493 for the Merced
24 Classroom and Academic Office Building, as specified in Provision
25 3 of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2013.

26 (d) Notwithstanding Section 10231.5 of the Government Code,
27 commencing with the 2014–15 fiscal year, on or before February
28 1 of each fiscal year, the University of California shall
29 simultaneously submit a progress report to the Joint Legislative
30 Budget Committee and the Department of Finance detailing the
31 scope, funding, and current status of each capital expenditure
32 undertaken pursuant to Section 92493, as defined in paragraph
33 (1) of subdivision (b) of that section, and for each capital outlay
34 project undertaken pursuant to Section 92494.

35 SEC. 9. Section 92495.5 is added to the Education Code, to
36 read:

37 92495.5. The university shall manage its general revenue bond
38 program in a manner so that not more than 15 percent of its
39 General Fund support appropriation, less the amount of that
40 appropriation that is required to fund general obligation bond

1 *payments and State Public Works Board rental payments, is used*
 2 *for the total of all of the following:*

3 *(a) Debt service for capital expenditures pursuant to Section*
 4 *92493.*

5 *(b) Pay-as-you-go capital outlay pursuant to Section 92494.*

6 *(c) State Public Works Board rental payments.*

7 *SEC. 10. Section 92496 is added to the Education Code, to*
 8 *read:*

9 *92496. If the university is able to reduce annual debt service*
 10 *costs by refunding, defeasing, or retiring general obligation bonds*
 11 *or State Public Works Board lease revenue bonds, as described*
 12 *in Section 92493, the university shall annually contribute an equal*
 13 *amount to reduce the existing unfunded liability of the University*
 14 *of California Retirement Plan.*

15 *SEC. 11. Article 7.5 (commencing with Section 92670) is added*
 16 *to Chapter 6 of Part 57 of Division 9 of Title 3 of the Education*
 17 *Code, to read:*

18

19 *Article 7.5. Expenditures for Undergraduate and Graduate*
 20 *Instruction and Research Activities*

21

22 *92670. (a) The University of California shall report biennially*
 23 *to the Legislature and the Department of Finance, on or before*
 24 *October 1, 2014, and on or before October 1 of each*
 25 *even-numbered year thereafter, on the total costs of education at*
 26 *the University of California.*

27 *(b) The report shall identify the costs of undergraduate*
 28 *education, graduate academic education, graduate professional*
 29 *education, and research activities. All four categories listed in this*
 30 *subdivision shall be reported in total and disaggregated separately*
 31 *by health sciences disciplines, disciplines included in paragraph*
 32 *(10) of subdivision (b) of Section 92675, and all other disciplines.*
 33 *For purposes of this report, research for which a student earns*
 34 *credit toward his or her degree program shall be identified as*
 35 *undergraduate education or graduate education.*

36 *(c) The costs shall also be reported by fund source, including*
 37 *all of the following:*

38 *(1) State General Fund.*

39 *(2) Systemwide tuition and fees.*

40 *(3) Nonresident tuition and fees and other student fees.*

1 (4) *University of California General Funds, including interest*
2 *on General Fund balances and the portion of indirect cost recovery*
3 *and patent royalty income used for core educational purposes.*

4 (d) *For any report submitted under this section before January*
5 *1, 2017, the costs shall, at a minimum, be reported on a systemwide*
6 *basis. For any report submitted under this section on or after*
7 *January 1, 2017, the costs shall be reported on both a systemwide*
8 *and campus-by-campus basis.*

9 (e) *A report to be submitted pursuant to this section shall be*
10 *submitted in compliance with Section 9795 of the Government*
11 *Code.*

12 (f) *Pursuant to Section 10231.5 of the Government Code, the*
13 *requirement for submitting a report under this section shall be*
14 *inoperative on January 1, 2021, pursuant to Section 10231.5 of*
15 *the Government Code.*

16 SEC. 12. *Article 7.7 (commencing with Section 92675) is added*
17 *to Chapter 6 of Part 57 of Division 9 of Title 3 of the Education*
18 *Code, to read:*

19
20 *Article 7.7. Reporting of Performance Measures*
21

22 92675. (a) *For purposes of this section, the following terms*
23 *are defined as follows:*

24 (1) *The “four-year graduation rate” means the percentage of*
25 *a cohort that entered the university as freshmen that successfully*
26 *graduated within four years.*

27 (2) *The “two-year transfer graduation rate” means the*
28 *percentage of a cohort that entered the university as junior-level*
29 *transfer students from the California Community Colleges that*
30 *successfully graduated within two years.*

31 (3) *“Low-income students” means students who receive a Pell*
32 *Grant at any time during their matriculation at the institution.*

33 (b) *Commencing with the 2013–14 academic year, the University*
34 *of California shall report, by March 1 of each year, on the*
35 *following performance measures for the preceding academic year,*
36 *to inform budget and policy decisions and promote the effective*
37 *and efficient use of available resources:*

38 (1) *The number of transfer students enrolled annually from the*
39 *California Community Colleges, and the percentage of transfer*

1 *students as a proportion of the total undergraduate student*
2 *population.*

3 (2) *The number of low-income students enrolled annually and*
4 *the percentage of low-income students as a proportion of the total*
5 *student population.*

6 (3) *The systemwide four-year graduation rates for each cohort*
7 *of students and, separately, for each cohort of low-income students.*

8 (4) *The systemwide two-year transfer graduation rates for each*
9 *cohort of students and, separately, for each cohort of low-income*
10 *students.*

11 (5) *The number of degree completions annually, in total and*
12 *for the following categories:*

13 (A) *Freshman entrants.*

14 (B) *Transfer students.*

15 (C) *Graduate students.*

16 (D) *Low-income students.*

17 (6) *The percentage of first-year undergraduates who have*
18 *earned sufficient course credits by the end of their first year of*
19 *enrollment to indicate they will complete a degree in four years.*

20 (7) *For all students, the total amount of funds received from all*
21 *sources identified in subdivision (c) of Section 92670 for the year,*
22 *divided by the number of degrees awarded that same year.*

23 (8) *For undergraduate students, the total amount of funds*
24 *received from the sources identified in subdivision (c) of Section*
25 *92670 for the year expended for undergraduate education, divided*
26 *by the number of undergraduate degrees awarded that same year.*

27 (9) *The average number of course credits accumulated by*
28 *students at the time they complete their degrees, disaggregated by*
29 *freshman entrants and transfers.*

30 (10) (A) *The number of degree completions in science,*
31 *technology, engineering, and mathematics (STEM) fields,*
32 *disaggregated by undergraduate students, graduate students, and*
33 *low-income students.*

34 (B) *For purposes of subparagraph (A), “STEM fields” include,*
35 *but are not necessarily limited to, all of the following: computer*
36 *and information sciences, engineering and engineering*
37 *technologies, biological and biomedical sciences, mathematics*
38 *and statistics, physical sciences, and science technologies.*

39 *SEC. 13. Section 13313 is added to the Government Code, to*
40 *read:*

1 13313. (a) Notwithstanding any other law, in order to achieve
2 effective cash management of state resources, the Director of
3 Finance may defer payment of General Fund moneys, in a
4 cumulative amount not to exceed two hundred fifty million dollars
5 (\$250,000,000) annually, appropriated to the California State
6 University in the annual Budget Act.

7 (b) The payment of the amount deferred shall be in May or June,
8 as established by the Director of Finance, of the same fiscal year
9 that the original payment would have been made.

10 SEC. 14. (a) Three hundred seventy-five thousand dollars
11 (\$375,000) is hereby appropriated from the 1996 Higher Education
12 Capital Outlay Bond Fund to the University of California for the
13 purpose of funding the Merced Campus (1) 99.11.050-Science and
14 Engineering Building 2—Equipment phase during the 2013–14
15 fiscal year, with this appropriation to be available for encumbrance
16 until June 30, 2016, if the requirements of subdivision (b) are met.

17 (b) The funds appropriated under subdivision (a) shall only be
18 available for expenditure if the Regents of University of California
19 act, by resolution, to require the payment of prevailing wage rates
20 by the contractors and subcontractors working on this project,
21 and all other capital outlay projects undertaken by the University
22 of California that are funded using nonstate funds or are otherwise
23 not financed with the funds appropriated for this project, during
24 the 2013–14 fiscal year.

25 SEC. 15. (a) The University of California shall allocate and
26 encumber from the appropriation made pursuant to Item
27 6440-001-0001 of Section 2.00 of the Budget Act of 2013 the
28 amount necessary to pay in full all amounts that are reasonably
29 anticipated to become due and payable during the fiscal year for
30 lease revenue and general obligation bond debt service.

31 (b) Notwithstanding Section 16326 of the Government Code,
32 the Controller shall transfer funds appropriated pursuant to Item
33 6440-001-0001 of Section 2.00 of the Budget Act of 2013 in
34 accordance with schedules to be submitted as follows:

35 (1) The State Public Works Board shall submit a schedule or
36 schedules for rental, fees, and insurance associated with its lease
37 revenue bonds issued on behalf of the University of California.
38 Notwithstanding the payment dates in any related facility lease or
39 indenture, a schedule may provide for an earlier transfer of funds

1 to ensure debt requirements are met and base rental payments are
2 paid in full when due.

3 (2) (A) The Department of Finance shall submit a schedule or
4 schedules to reimburse the General Fund in an amount equal to
5 the required general obligation bond debt service costs attributed
6 to the University of California. Notwithstanding the payment dates
7 in any related debt service schedule for a bond issuance, a schedule
8 submitted by the Department of Finance may provide for an earlier
9 transfer of funds to ensure debt requirements are paid in full when
10 due.

11 (B) The Department of Finance shall submit a revised schedule
12 of reimbursements, as needed, to authorize the return of any funds
13 to Item 6440-001-0001 of Section 2.00 of the Budget Act of 2013
14 that were previously transferred pursuant to this act and that are
15 not needed to fully reimburse debt service costs in the 2013–14
16 fiscal year. Any funds returned pursuant to this subparagraph may
17 be carried over and expended in the 2014–15 fiscal year.

18 SEC. 16. (a) Of the moneys appropriated in Item
19 6440–001–0001 of Section 2.00 of the Budget Act of 2013, the sum
20 of fifteen million dollars (\$15,000,000) is allocated to the Regents
21 of the University of California for the School of Medicine at the
22 University of California, Riverside.

23 (b) Funds provided pursuant to subdivision (a) shall be available
24 for planning and startup costs associated with academic programs
25 to be offered by the School of Medicine at the University of
26 California, Riverside, including all of the following:

27 (1) Academic planning activities, support of academic program
28 offerings, and faculty recruitment.

29 (2) The acquisition of instructional materials and equipment.

30 (3) Ongoing operating support for faculty, staff, and other
31 annual operating expenses for the School of Medicine at the
32 University of California, Riverside.

33 (c) The additional funds provided by this section for the School
34 of Medicine at the University of California, Riverside, shall only
35 be used for the purposes specified in subdivision (b), and shall not
36 be redirected or otherwise expended, nor shall these funds be used
37 to supplant other funding of that school.

38 (d) On or before April 1 of each year, the University of
39 California shall provide progress reports to the relevant policy
40 and fiscal committees of the Legislature pertaining to funding,

1 *recruitment, hiring, and outcomes for the School of Medicine at*
2 *the University of California, Riverside. Specifically, the report*
3 *shall include, but not be limited to, information consistent with*
4 *the published mission and vision for the School of Medicine at the*
5 *University of California, Riverside, in all of the following areas:*

6 (1) *The number of students who have applied, been admitted,*
7 *or been enrolled, broken out by race, ethnicity, and gender.*

8 (2) *The number of full-time faculty, part-time faculty, and*
9 *administration, broken out by race, ethnicity, and gender.*

10 (3) *Funding and progress of ongoing medical education pipeline*
11 *programs, including the UCR/UCLA Thomas Haider Program in*
12 *Biomedical Sciences.*

13 (4) *Operating and capital budgets, including detail by funding*
14 *source. The operating budget shall include a breakdown of*
15 *research activities, instruction costs, administration, and executive*
16 *management.*

17 (5) *Efforts to meet the health care delivery needs of California*
18 *and the inland empire region of the state, including, but not limited*
19 *to, the percentage of clinical placements, graduate medical*
20 *education slots, and medical school graduates in primary care*
21 *specialties who are providing service within California's medically*
22 *underserved areas and populations.*

23 (6) *A description of faculty research activities, including*
24 *information regarding the diversity of doctoral candidates, and*
25 *identifying activities that focus on high priority research needs*
26 *with respect to addressing California's medically underserved*
27 *areas and populations.*

28 *SEC. 17. The absence of language in the Budget Act of 2013*
29 *specifying that the University of California and the Hastings*
30 *College of the Law shall use budgeted funds for retirement costs*
31 *is not an indication of legislative support for, or acceptance of,*
32 *increased retirement costs being paid for by employees of the*
33 *University of California and the Hastings College of the Law.*

34 *SEC. 18. This act is a bill providing for appropriations related*
35 *to the Budget Bill within the meaning of subdivision (e) of Section*
36 *12 of Article IV of the California Constitution, has been identified*
37 *as related to the budget in the Budget Bill, and shall take effect*
38 *immediately.*

39 ~~**SECTION 1.** It is the intent of the Legislature to enact statutory~~
40 ~~changes relating to the Budget Act of 2013.~~

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- 2 **CORRECTIONS:**
- 3 **Text—Page 23.**
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