



UC Davis State Government Relations Update January 2023

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2023-24 State Budget Introduction

On January 10th the Governor released the 2023-24 state budget, which proposed \$223.6 billion in State General Fund expenditures. The budget assumes that State revenues will fall \$22.5 billion short of the June 2022 forecast. The State currently has a \$35.6 billion budget reserve, but the Governor proposes to address this shortfall through delaying one-time investments and other budget methods.

University of California

The proposed budget includes a total of \$4.7 billion in State General Fund support for University of California. The Governor's proposed budget provides the University with \$256 million, or a 5.8% increase in ongoing funding over the 2022-23 level, bringing the total ongoing funding to \$4.6 billion. The Governor's budget also proposes \$100 million in one-time funds for the University. These one-time funds are a delayed appropriation of funds originally appropriated in 2022-23. The [Regents' Budget Plan](#) had requested \$252 million in ongoing funds and \$1.2 billion in one-time capital outlay funds.

The Governor's budget reflects the second year of a five-year funding [Compact](#) with the University for annual five percent base budget increases. The Compact outlines specific policy goals the University must make progress toward attaining. You can view the University's first Compact progress report [here](#).

The Compact requires the University to increase California undergraduate enrollment by one percent during 2023-24. The funding for this new enrollment is included in the five percent base-budget adjustment. In addition to this enrollment growth of approximately 2,000 students, the Budget Act of 2022 provided the University with funding to enroll 4,730 new California undergraduates above 2021-22

levels by 2023-24. This intended growth does not include the nonresident undergraduate student replacement at UC Berkeley, UCLA, and UC San Diego.

Ongoing Investments (Total \$256 million)

1. \$215.5 million for 5% base budget increase for operations and enrollment. This increase uses the University's 2021-22 ongoing base budget as the basis of the calculation.
2. \$30 million for a reduction of 902 nonresident undergraduates at UC Berkeley, UC Los Angeles, and UC San Diego combined; and enrolling an equivalent number of California undergraduates at those three campuses.
3. Technical adjustment – \$6.5 million for the UC Riverside School of Medicine bond debt service.
4. Technical adjustment – \$4 million increase to the State General Fund backfill to the Proposition 56 GME program to maintain a total appropriation of \$40 million.

One-Time Investments (Total \$100 million)

1. \$100 million for the construction of an Institute for Immunology and Immunotherapy at UCLA, which was originally appropriated in 2022-23, but has been delayed to the 2023-24 budget.

Delayed Investments

1. \$83 million for the UC Berkeley Clean Energy Campus Project is delayed until 2024-25.
2. \$83 million for the UC Merced and UC Riverside campus expansion projects is delayed until 2024-25.

Health Budget Items of Interest

The Governor's priorities for health include:

1. Continue CalAIM implementation – \$10.7 billion for CalAIM over three years.
2. Health care for all Californians regardless of immigration status – \$4.8 billion for universal access to health care regardless of immigration status
3. Community Assistance, Recovery, and Empowerment (CARE) Act – proposed budget maintains the 2022-23 funding level of \$88.3 million.
4. Reproductive health care services 1115 waiver – \$200 million in 2024-25
5. CalRx /single purchaser – \$100 million
6. Public Health Infrastructure Investments - \$300 million for state and local public health infrastructure.
7. Healthcare Workforce – \$1 billion for HCAI to strengthen and expand the state's health and human services workforce.
8. Children and Youth Behavioral Health initiative – \$4.6 billion over four years
9. Managed Care Organization Tax – effective January 1, 2024 through December 31, 2026
10. Note: the multi-year Compact includes an expectation that funding be used to support graduate student enrollment growth between 2023-24 and 2026-27. That growth includes medical professional programs as well as other campus graduate programs.

Policy Change

The Governor's budget proposal includes the expectation that UCLA implement a transfer admission guarantee (TAG) and Associate Degree for Transfer pathways in order to receive the campus's full general allocation funding distribution.

Other Items of Interest

1. \$500 million for the Higher Education Affordable Student Housing Grant Program
2. \$2.3 billion in CalGrant investments
3. \$859 million for Middle Class Scholarship
4. \$293 million for College Corps
5. \$115 million for zero cost textbooks
6. Child college savings accounts investments continued
7. Delays new appropriations for the Golden State Education and Training Grant Program

Senate Leadership & Committee Membership

On Thursday, January 5, Senate President pro Tempore Toni Atkins, D-San Diego, announced Democratic leadership and committee memberships. The leadership announcement can be found [here](#) and the list of committee members is located in this [press release](#).

LAO's Report on Capital Renewal at UC and CSU

Also on January 5th, the Legislative Analyst's Office (LAO) released its report on "Addressing Capital Renewal at UC and CSU." The LAO stated in its report that "[a]s facilities at the University of California (UC) and California State University (CSU) age, their building components (such as roofs and heating systems) eventually need to be replaced. The need for such capital renewal projects is large at UC and CSU, and more projects are added to the segments' backlogs each year. Without a plan to address capital renewal, facility conditions likely will continue to deteriorate, leading to higher costs and greater risk of programmatic disruptions." The full report is available [here](#).

Upcoming State Government Relations Deadlines, Events and Key Dates

Jan. 20 Last day to submit bill requests to the Office of Legislative Counsel.

Feb. 17 Last day for bills to be introduced.

Questions or Need Assistance?

If you have any questions regarding the aforementioned items or would like assistance in connecting with state legislators and/or their staff, please do not hesitate to contact Adrian Lopez, Senior Director of Government Relations. He can be reached at adnlopez@ucdavis.edu or by phone at (530) 752-9795.