

# The 2022-23 Budget: Student Housing

## Summary

**Governor Proposes First-Round Grants for New Student Housing Program.** Trailer legislation enacted in 2021-22 established the Higher Education Student Housing Grant Program to support the construction of affordable student housing at the state's public higher education segments. The program is to receive a total of \$2 billion over three years for three rounds of grants, with specified shares for each of the three public segments. The Legislature and Governor, rather than a state agency, are tasked with implementing the program and awarding grants. As required by statute, the administration recently submitted to the Legislature a proposed list of projects totaling \$488 million for the first round of funding.

**Recommend Legislature Weigh Administration's Approach Against Other Approaches.** The administration selected projects primarily based on the proposed state funding per bed and proposed rent as a share of the statutory maximum rent (30 percent of 50 percent of a campus's area median income). This approach is one reasonable way to award first-round grants. That said, the Legislature could consider other reasonable approaches that also would be consistent with the program's intent. Modifications the Legislature could consider include: (1) adopting different measures of affordability (such as the proposed on-campus rent compared to the average off-campus rent), (2) including other key measures (such as unmet housing demand) in ranking projects, (3) encouraging projects to match state funds with nonstate funds, and (4) approving more projects in the first round.

**Recommend Legislature Adopt Measures to Mitigate Project Risks.** Many of the projects originally submitted by campuses ultimately could experience cost overruns or scope changes. We recommend the Legislature take three steps to help mitigate these risks: (1) require a minimum amount of contingency funding be built into each project and require nonstate funds be identified for covering any further cost overruns, (2) adopt a notification process to the Legislature for project cost or scope changes, and (3) strengthen the grant program's existing reporting requirements.

**Recommend Legislature Keep in Mind Key Unresolved Issues.** The state lacks an integrated framework to consider affordable housing within the context of college affordability and student financial aid. Also, even after awarding all of the affordable student housing grants, many low-income students will continue to experience a gap between their financial need and the level of financial aid they receive. Moreover, this housing grant program comes at a time when the state faces significant outstanding issues with the segments' academic facilities, including billions of dollars in deferred maintenance. We think reflecting now on the difficult trade-offs inherent in these issues will help focus the Legislature's higher education budget decisions in the coming years.

## INTRODUCTION

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As part of the 2021-22 budget package, the state created the Higher Education Student Housing Grant Program to promote the construction of affordable on-campus housing. Campuses at the University of California (UC), California State University (CSU), and California Community Colleges (CCC) may apply for grants. The Governor recently submitted to the Legislature a list of campus projects proposed for first-round grant funding.

The Legislature and Governor ultimately must decide on the final list of projects to award first-round grants. In this brief, we provide background, then describe the first-round applications as well as the Governor's proposed list of projects, and conclude with several issues for the Legislature to consider. Additionally, the brief contains an Appendix of tables containing project-level detail.

## BACKGROUND

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In this section, we provide background on student housing and the newly established state-funded grant program.

### Student Housing

***On-Campus Housing Is Most Common at UC.*** All UC and CSU campuses have on-campus housing programs, whereas only 12 (of 115) community colleges have student housing programs. Systemwide, UC houses the greatest share of its undergraduate students—37 percent in 2021-22. Among UC campuses, the share of undergraduate students housed ranges from 22 percent (Irvine) to 51 percent (Los Angeles). Based on the number of on-campus beds at each segment, we estimate approximately 15 percent of all CSU students systemwide and less than 1 percent of CCC students systemwide live in on-campus housing.

***On-Campus Student Housing Traditionally Is a Self-Supporting Program.*** Traditionally, the state does not directly approve, oversee, or provide funding for campuses' housing programs. Rather, campuses support their housing programs by charging students rent when they live in an on-campus housing facility. The revenue generated from these rents cover the annual cost to operate housing programs. Additionally, campuses typically fund housing construction and renovation projects by issuing bonds and paying the associated debt service costs using rental revenue. Campuses also build reserves in their housing programs, which

they in turn can use to help cover housing operating shortfalls in a given year or support a portion of housing capital costs.

***On-Campus Living Costs Are Higher at UC Than at CSU.*** According to student survey data, on-campus living costs (consisting of both housing and food costs) average \$17,259 across UC campuses, with costs ranging from \$16,145 (San Diego) to \$20,236 (Berkeley). At CSU, the systemwide average cost is \$14,401, with costs ranging from \$10,758 (Fresno) to \$19,330 (San Diego). All UC campuses report on-campus housing as costlier than living in off-campus housing (typically apartments or houses in the community) or with parents. By contrast, 16 of CSU's 23 campuses report living off campus (not with parents) as costlier than living on campus. (Comparable data is not readily available for community colleges.)

### Student Housing Grant Program

***State Adopted Grant Program in 2021-22 Budget.*** Adopted in 2021-22 budget trailer legislation—Chapter 262 of 2021 (SB 169, Committee on Budget and Fiscal Review)—the purpose of the new grant program is to provide “affordable, low-cost housing options for students enrolled in public postsecondary education in California.” The budget package committed \$2 billion General Fund for the program spread over three years (\$500 million in 2021-22 and \$750 million each in 2022-23 and 2023-24).

Of the total \$2 billion, statute specifies \$400 million (20 percent) is for UC, \$600 million (30 percent) is for CSU, and \$1 billion (50 percent) is for CCC. Additionally, up to \$25 million of the total \$2 billion is available for initial planning and feasibility studies at community colleges.

**State Funds Must Be Used to Add Affordable Student Housing Units.** Statute sets forth a number of requirements for projects to qualify for grant funding. Most notably, rents for the state-funded on-campus housing units cannot exceed 30 percent of 50 percent of a campus's area median income. This is a measure used in various federal and state affordable housing programs to gauge housing affordability for low-income residents. (Prior to the state adopting the new student housing grant program, campuses did not use this measure to set on-campus housing rental rates.) Campuses can co-locate units with rents above the statutory limit in the new buildings, so long as these standard-rent units are supported with nonstate funds. Other grant requirements include prioritizing affordable beds for low-income students and requiring students renting the affordable beds to enroll full time.

**Statute Suggests Several Factors to Consider When Prioritizing Projects.** Statutory intent language indicates that the grants are to be allocated "to increase the current stock of affordable student housing, for purposes of

supporting low-income students and facilitating low-income student access to higher education." Beyond this basic direction, statute suggests seven additional factors to prioritize projects, such as unmet student housing demand for a campus or service area and whether the projects are intersegmental. **Figure 1** lists these seven factors.

**Legislature and Governor Determine Grant Awards.** In contrast to most other grant programs, the Legislature and Governor, rather than a state agency, are tasked with administering the program and awarding grants. As specified in statute, this process begins with campuses submitting their applications to the Department of Finance (DOF). DOF then reviews the applications and submits its proposed list of projects to the Legislature. For the first round, statute required campuses to submit their applications to DOF by October 31, 2021, and DOF to submit its proposed list of projects to the Legislature by March 1, 2022. Due dates for subsequent rounds are not specified in statute. Ultimately, both the Governor and Legislature must agree to the final list of projects and appropriate funds for each project in the annual budget act. Thereafter, the segments must report annually on the status of their approved projects. For completed projects, the segments must also report annually for a five-year period on each project's "public benefit" as related to the selection criteria described earlier.

Figure 1

## Seven Additional Factors May Be Used to Prioritize Housing Projects

Higher Priority May Be Given to the Following Types of Projects

- **Commercial Space Renovations.** Projects that convert commercial space into student housing.
- **Share of Low-Income Students.** Projects serving higher shares of a campus's low-income student population.
- **Housing Demand.** Projects at campuses with relatively higher unmet demand for student housing.
- **Construction Time Line.** Projects with earlier construction start dates.
- **Geographical Coverage.** Projects that ensure representation of the state's various regions and campuses.
- **Intersegmental Housing.** Projects affecting at least two campuses from different segments.
- **Enrollment Capacity.** Projects that expand enrollment capacity at the universities.

# FIRST-ROUND APPLICATIONS AND PROPOSED AWARDS

In this section, we provide an overview of the first-round applications that campuses submitted to DOF, as well as the administration’s proposed project list submitted to the Legislature in March 2022.

## Overview of Applications

**State Received More Applications Than Available Funding.** DOF received 115 applications for the first round of funding, consisting of 73 planning grant applications and 42 construction grant applications. As **Figure 2** shows, the applications in total requested \$3 billion in grant funding, surpassing both the \$500 million designated for the first round and the \$2 billion designated for all three funding rounds combined.

**State Share of Cost Varies Across Projects.**

Of the 42 applications submitted for construction grants, 23 proposed covering all project costs using state funding and constructing only units that met the statutory affordability requirement. The remaining 19 projects proposed covering a portion of project costs with nonstate funds (generally housing reserves or, for some CCC projects, local revenues), with 12 proposing to construct affordable beds only and 7 proposing to construct a mix of affordable and standard-rent beds. The share of project costs covered by nonstate funds varied considerably by segment. For example, all ten CSU applicants (including one intersegmental project between Imperial Valley College and CSU San Diego) proposed covering 65 percent of project costs from state funding and 35 percent from nonstate funding, regardless of whether the project consisted of 100 percent affordable beds or a mix of affordable and standard-rent beds.

The share of cost covered by nonstate funds at UC and CCC varied by campus, with the share generally greater for projects with a mix of affordable and standard-rent beds.

## Governor’s Proposed Project List

**Administration Proposes Allocating \$488 Million for First Round.** This amount consists of \$18 million for initial planning at CCC and \$470 million for construction projects. According to DOF, it selected construction projects based on three factors: (1) whether the project was intersegmental (with all eligible intersegmental projects automatically receiving top rank), (2) state funding per bed (with a lower amount yielding a higher rank), and (3) proposed rents of the new housing facilities relative to the statutory limit (with a lower share yielding a higher rank). As **Figure 3** shows, the administration used this approach to sort projects into three groups: (1) projects proposed for first-round funding, (2) projects that were eligible for first-round funding but lower priority, and (3) projects that were ineligible for funding. On the next page, we describe each group of projects.

Figure 2

### Housing Applications Exceeded Program Funding

First Round of Applications (Dollars in Millions)

	Number of Applications	State Funding Requested	Total Statutory Allotment
<b>Planning Grants</b>			
CCC	71	\$187	\$25
Intersegmental <sup>a</sup>	2	4	—
Subtotals	(73)	(\$191)	(\$25)
<b>Construction Grants</b>			
CCC	22	\$1,382	\$975 <sup>c</sup>
CSU	9	526	600
UC <sup>b</sup>	9	816	400
Intersegmental <sup>a</sup>	2	108	—
Subtotals	(42)	(\$2,832)	(\$1,975)
<b>Totals</b>	<b>115</b>	<b>\$3,023</b>	<b>\$2,000</b>

<sup>a</sup> Funding for intersegmental projects are split evenly between the participating segments’ statutory allotments.

<sup>b</sup> Includes one application from Hastings College of the Law (\$219 million state funding).

<sup>c</sup> Assumes planning grant allotment comes out of the CCC total program allotment.

**All Campus Planning Grant Applicants Would Receive Funding for Initial Planning Activities.** As part of the first round, DOF proposes awarding grants to all community colleges that submitted a planning grant application. (DOF proposes not to fund one planning grant application submitted by the CCC Chancellor’s Office.) Under DOF’s proposal, first-round grants would cover early planning activities, such as feasibility studies, engineering studies, financing studies, and environmental impact studies. Other later planning activities for which colleges requested funds, such as preparing architectural working drawings or covering legal fees, would be excluded. Appendix Figure 1 lists these 75 proposed planning grant awards.

**A Subset of the Construction Projects Would Receive First-Round Funding.** In addition to the planning grants, DOF proposes selecting 8 of the 42 submitted construction projects for first-round grant funding. The construction projects would add a total of 3,572 new affordable beds and 208 standard rent beds, with beds added in several areas of the state. For CCC construction projects only, DOF built in construction contingency funding amounting to 10 percent of project construction costs, adjusting a project’s award amount when it did not include those funds in its application. (UC and CSU report that campuses also included contingency funding in their requests, generally equating to 5 percent of project construction costs.) Appendix Figure 2 lists these eight proposed construction grant awards.

**Many Construction Projects Deemed Lower Priority.** Of the remaining 34 construction project applications, 17 were considered eligible for a grant but deemed lower priority. That is, they met the statutory requirements of the program but were not intersegmental and had higher combined costs per affordable bed and rents than

Figure 3

**Administration Sorted Projects Into Three Groups**  
 First-Round Applications by Category (Dollars in Millions)

	Proposed		Lower Priority		Ineligible	
	Projects	State Cost	Projects	State Cost	Projects	State Cost
<b>Planning Grants</b>						
CCC	73 <sup>a</sup>	\$17	—	—	1	— <sup>b</sup>
Intersegmental	2	1	—	—	—	—
Subtotals	(75)	(\$18)	(—)	(—)	(1)	(—) <sup>b</sup>
<b>Construction Grants</b>						
CCC	4	\$210	7	\$332	11	\$861
CSU	1	116	7	378	1	32
UC	2	135	3	254	4 <sup>c</sup>	427 <sup>c</sup>
Intersegmental	1	9	—	—	1	102
Subtotals	(8)	(\$470)	(17)	(\$964)	(17)	(\$1,423)
<b>Totals</b>	<b>83</b>	<b>\$488</b>	<b>17</b>	<b>\$964</b>	<b>18</b>	<b>\$1,423</b>

<sup>a</sup> Number is greater than the 71 applications reported in previous figure because: (1) the administration proposes providing separate grants to six colleges that were originally aggregated in three districtwide applications and (2) the administration deemed one planning grant application submitted by the CCC Chancellor’s Office to be ineligible.

<sup>b</sup> Less than \$500,000.

<sup>c</sup> Includes one project from the Hastings College of the Law.

the proposed first-round projects. DOF plans to consider these projects for future funding rounds without the requirement that campuses resubmit their applications (though applicants can choose voluntarily to change and resubmit their proposals). Appendix Figure 3 lists these 17 lower-priority construction projects.

**Remaining Construction Projects Deemed Ineligible.** DOF deemed the remaining 17 projects ineligible and excluded them from the project ranking process. Reasons why these projects were deemed ineligible include: (1) the campus applied for both planning and construction grants (thus signaling the project was not yet ready for construction), (2) the campus did not demonstrate the project would be financially feasible, (3) the project did not meet required parameters (such as by proposing rents above the statutory maximum), or (4) the application was submitted to DOF past the October 31 deadline. Projects initially deemed ineligible may address any identified shortcomings and resubmit their applications for future rounds of funding. Appendix Figure 4 lists these 17 projects, and Appendix Figure 5 provides more detail on the reasons DOF deemed them ineligible.

## ASSESSMENT AND RECOMMENDATIONS

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We think the new grant program and the administration's recommended list of projects raise three main areas of consideration for the Legislature. The first area revolves around the approach the Legislature could take to prioritize among projects. The second area involves project risks. Many proposed projects could face higher-than-expected costs, potentially undermining their impact, affordability, and even feasibility. The third area involves the many substantial issues that remain unresolved around student affordability and higher education facilities. In this section, we discuss each of these areas and offer associated recommendations.

### Alternative Approaches to Selecting Projects Exist

***Administration's Approach to Selecting Projects Is Reasonable.*** We think the administration's approach to selecting first-round projects generally is reasonable. The factors DOF uses to rank projects (primarily state funding per bed and the proposed rents) align with the program's intent. We further think the administration's approach of funding only the initial planning activities of the planning grant applications is reasonable, as most college applicants are in the very early stages of developing their projects. Moreover, we think the administration's approach appropriately excludes projects from the first round that do not meet the statutory requirements or are not yet at the construction stage.

***Recommend Legislature Weigh Governor's Approach Against Alternative Approaches.*** Although we think the administration's approach is reasonable, it is only one of many approaches the Legislature could take to select projects. Given the broad and varied guidance offered in statute, the Legislature could take many other approaches to selecting projects that still meet the program's objectives. Ultimately, the Legislature's goals and priorities will determine whether modifications to the Governor's prioritization approach are warranted. Below, we offer four ways the Legislature could consider modifying the Governor's approach.

***Legislature Could Consider Other Approaches to Measure Project Affordability.*** Because 13 (of the 25) eligible projects proposed charging rents at 100 percent of the statutory limit, they all ranked equally affordable under the administration's approach. One alternative that would yield more nuanced rankings would be to compare a project's proposed on-campus rent to off-campus housing costs in the nearby community. Based on an initial review of data on off-campus rental rates submitted by the universities, we found that this alternative approach could boost the rankings of a few projects at campuses in particularly expensive housing markets, such as those at UC Berkeley and UC Santa Cruz. It also lowers the rankings of several projects in lower-cost areas of the state. (As of the timing of this brief, only a few community colleges had submitted to our office data on off-campus housing costs.)

***Legislature Could Consider Other Factors Too.*** DOF only directly considered one of the seven additional prioritization factors specified in statute—whether the project is intersegmental. (As DOF's approach yields projects located throughout the state, it also aligns with the statutory factor of ensuring geographic coverage.) The Legislature might wish to incorporate other factors in lieu of or in addition to the factors used by the administration. For example, the Legislature might wish to prioritize projects in areas with particularly constrained housing markets and high unmet demand for student housing. If so, the Legislature could use measures of unmet housing demand to rank projects, such as waitlists for on-campus housing or off-campus housing vacancy rates in the surrounding area. The Legislature might also prefer prioritizing projects with relatively early construction start dates. For example, the joint Imperial Valley College-CSU San Diego project, which DOF ranks first in its list, is not scheduled to begin construction until early 2024, whereas other lower-ranked projects are scheduled to begin construction as early as 2022.

**Legislature Could Prioritize Projects That Leverage Nonstate Funds.** Though several applicants proposed covering a portion of their project costs with nonstate funds, more than half of applicants did not do so. Encouraging more nonstate funding contributions could permit some projects to construct additional affordable beds. It also might encourage some projects to construct more standard-rent beds. In either case, the overall stock of on-campus housing could be increased. Were the Legislature interested in encouraging more nonstate funding, it could provide higher ranking for projects with nonstate funding. Alternatively, it could direct first-round grantees to submit an adjusted proposal that meets some minimum threshold (for example, 10 percent of project costs covered with nonstate funds). Given the end of this year's budget cycle is just a few months away, the Legislature would want initiate this request soon if it were interested in pursuing it. The Legislature also could influence applications in future rounds by amending statute to include specific expectations regarding nonstate funding contributions.

**Legislature Could Award More Grant Funding This Budget Cycle.** The Legislature could alter statute to support more than \$500 million in projects this year. On the one hand, approving more projects this year would enable campuses to commence with projects sooner, thereby increasing housing stock more quickly and avoiding higher construction costs in future years. The Legislature might find this approach particularly appealing given the relatively high inflation the state currently is experiencing. On the other hand, the Legislature might prefer to hold off on approving more projects and instead allow campuses more time to submit better applications in future rounds. According to the segments, some campuses already have expressed interest in revising their projects to make them more competitive and correct for any deficiencies.

## **Proposed Housing Projects Come With Risks**

**Cost Overruns Could Undermine Objectives of Grant Program.** Though all capital projects are susceptible to cost overruns, we view this risk

as particularly salient for the proposed student housing projects. These risks are highest for CCC, as most community colleges have no experience constructing and operating any on-campus housing facilities. Given this lack of experience, campuses might be more likely to misjudge their projects' financial feasibility, construction costs, or student demand. Cost overruns could put campuses and the state in a difficult situation. Campuses might face pressure to cover the higher costs by raising rents or constructing fewer affordable beds, thereby undermining the program's intent. Alternatively, the state could face pressure to cover cost overruns to preserve a project's feasibility and affordability, thereby potentially increasing program costs significantly.

**Recommend Requiring Projects to Have Contingency Plans.** Given the risks present with these projects, we think the administration's approach of ensuring minimum funding amounts for contingency is warranted. To further protect the state, we recommend requiring first-round award recipients to submit plans documenting nonstate fund sources they would use to cover any further cost overruns. This action would better signal legislative intent that campuses, rather than the state, bear the risks of their projects. (We also note that UC, CSU, and CCC campuses already tend to cover cost overruns from nonstate sources for their state-funded academic facility projects.) Looking ahead to the remaining grant rounds, we recommend the Legislature adopt in statute minimum project contingency expectations (for example, 5 percent for UC and CSU and 10 percent for CCC) and intent language specifying that campuses cover any further cost overruns from nonstate sources.

**Recommend Adopting Notification Process.** We further recommend the Legislature take measures to improve its oversight of project cost and scope changes. Specifically, we recommend granting the administration the ability to authorize changes to a project's cost or scope, but only with 30-days advance notification to the Legislature. To ensure campuses have adequate flexibility to manage their projects, we recommend only triggering this notification process when the change is greater than 10 percent over what was

projected in the original application (that is, if costs are more than 10 percent higher than expected and/or affordable beds are 10 percent lower than expected). This process would allow both the Legislature and the administration to be active participants in the project implementation process, ensuring that the selected projects continue to align with program goals. We also note that other state capital outlay programs have similar notification processes for cost and scope changes.

***Recommend Strengthening Reporting Requirements.*** Finally, we recommend the Legislature strengthen the program’s existing statutory reporting requirements in two ways. First, we recommend specifying what the segments must include in their annual program reports. Currently, statute offers little guidance on the content of the reports, instead giving the segments flexibility to determine the content and thus potentially undermining the Legislature’s ability to compare progress across segments and projects. At a minimum, the Legislature could require these annual reports to include updated project construction costs, updated project time lines, projected or actual rents of the new housing facilities, the projected or actual number of affordable beds, and occupancy rates for completed projects. In addition to providing consistent project-level information, this information would provide the Legislature better data moving forward on the kinds of projects that are particularly susceptible to cost and scope changes. Second, we recommend requiring the segments to submit their reports each November, ahead of the upcoming legislative session.

## **Many Notable Issues Remain Unresolved**

***State Lacks Integrated Framework for Assessing Housing Affordability in College Context.*** The new student housing grant program is modeled off of programs generally intended to gauge housing affordability for low-income families living in the community. College students, however, can be dependents of their parents. In these cases, households already must cover housing costs for their primary residences and thus likely cannot afford to allocate an additional 30 percent of their

income to house their respective college students on campus. Moreover, housing is only one of the costs that traditionally have been embedded within the concept of college affordability. In the college context, policymakers have long focused on students’ total cost of attendance (tuition and living costs). Moving forward, the Legislature may wish to work with the segments, student groups, policy experts, and other stakeholders to develop a more integrated framework that considers student housing affordability within the broader context of overall college affordability and student financial aid programs.

***Difficult to Assess Initiative’s Impact on College Affordability.*** Many UC, CSU, and CCC campuses are located in areas with particularly constrained housing markets and relatively high housing costs. Efforts to construct housing in these areas—whether on-campus student housing or off-campus housing—will help mitigate these constraints. Based on the low thousands of affordable beds to be constructed in the first round, relatively few of the millions of students across the three systems, however, are likely to benefit directly from the program. That said, as the cost and scope of many projects likely will change, it is too early to assess how many students ultimately will benefit from the program or measure the overall reduction in living costs for low-income students.

***Low-Income Students Likely Will Continue to Have Substantial Unmet Financial Need.*** Even if the new affordable housing units successfully offer some students lower-cost housing options, many low-income students at CSU and CCC likely will continue to face affordability challenges. This is because financial aid at these segments primarily focuses on covering the cost of tuition, providing substantially less coverage for living costs. (In contrast to CSU and CCC, UC fully covers financial need for its students, after assuming students cover a portion of total attendance costs from parent contributions, working part time, and borrowing.) Previous analyses have estimated the cost to cover remaining financial need to be in the low billions of dollars. Though the state recently revamped the Middle Class Scholarship program to substantially increase living cost aid for low- and middle-income students at UC and CSU, the



revamped program has no set time line for reaching full implementation. (We describe this program in our post [The 2022-23 Budget: Middle Class Scholarship Program](#).)

**Legislature Also Faces Substantial Academic Facility Issues.** Traditionally, the state has focused its higher education capital funding on academic facilities (such as classrooms, lecture halls, and laboratories), which are not self-funded from student charges but rely primarily on state funding. The state continues to face many substantial academic facility budget priorities. For example, all three segments report substantial academic facility maintenance backlogs (UC with \$7.3 billion, CSU with \$5.8 billion, and CCC with \$1.2 billion). Moreover, the segments have billions of dollars in seismic safety upgrades they could make. As we have noted previously, campuses at all three segments also do not spend enough money to keep their facilities in good condition and prevent their backlogs from growing. Addressing these existing critical capital issues is important—potentially mitigating life-safety hazards, avoiding disruptions

to state programs, and minimizing future escalation in repair costs. Funding student housing projects leaves less budget capacity to support these and other high-priority academic facility issues.

**Recommend Legislature Keep Key Trade-Offs in Mind Moving Forward.** The Legislature likely does not have enough budget capacity to fully address all of the above issues over the coming years. We therefore recommend the Legislature begin thinking about which of its higher education objectives are of highest priority relative to other areas of the state budget, then pursue the most cost-effective, efficient, and equitable activities to accomplish these objectives. For example, should the Legislature spend its next dollar to support more affordable housing projects, expand need-based financial aid, or address the segments' substantial maintenance backlogs? We think reflecting now on the difficult trade-offs raised by these choices will help focus the Legislature's higher education budget decisions in the coming years.

# APPENDIX

Appendix Figure 1

## Administration's Proposed Planning Grant Awards (In Thousands)

District	Campus	Proposed Grant
<b>Intersegmental</b>		
Butte	Butte College/CSU Chico	\$500
Merced	Merced College/UC Merced	564
Subtotal		(\$1,064)
<b>CCC Only</b>		
Allan Hancock	Allan Hancock	\$185
Antelope Valley	Antelope Valley	200
Cabrillo	Cabrillo	242
Cerritos	Cerritos	225
Chabot-Las Positas	Chabot	155
Chabot-Las Positas	Las Positas	155
Contra Costa	Contra Costa	180
Contra Costa	Diablo Valley	180
Contra Costa	Los Medanos	180
Copper Mountain	Copper Mountain	70
El Camino	El Camino	110
Feather River	Feather River	349
Foothill-De Anza	De Anza	132
Foothill-De Anza	Foothill	132
Grossmont-Cuyamaca	Cuyamaca	155
Grossmont-Cuyamaca	Grossmont	155
Hartnell	Hartnell	325
Kern	Cerro Coso	314
Kern	Porterville	314
Long Beach	Long Beach City	120
Los Angeles	East Los Angeles	110
Los Angeles	Los Angeles City	110
Los Angeles	Los Angeles Harbor	110
Los Angeles	Los Angeles Mission	110
Los Angeles	Los Angeles Pierce	110
Los Angeles	Los Angeles Southwest	110
Los Angeles	Los Angeles Trade Technical	110
Los Angeles	Los Angeles Valley	110
Los Angeles	West Los Angeles	110
Los Rios	American River	110
Los Rios	Cosumnes River	110
Los Rios	Folsom Lake	110
Los Rios	Sacramento City	110
Mendocino-Lake	Mendocino-Lake	250
Merced	Merced	145
MiraCosta	MiraCosta	150
Mt. San Jacinto	Mt. San Jacinto	155
North Orange County	Cypress	150
Ohlone	Ohlone (Fremont)	290
Ohlone	Ohlone (Newark)	290
Palomar	Palomar	820
Pasadena Area	Pasadena	50
Peralta	Alameda	110

(Continued)

District	Campus	Proposed Grant
Peralta	Berkeley City	110
Peralta	Laney	110
Peralta	Merritt	110
Rancho Santiago	Rancho Santiago	500
Rio Hondo	Rio Hondo	522
Riverside	Moreno Valley	540
Riverside	Norco	590
Riverside	Riverside City	470
San Bernardino	Crafton Hills	845
San Bernardino	San Bernardino Valley	845
San Diego	San Diego City	344
San Jose-Evergreen	Evergreen Valley	235
San Jose-Evergreen	San Jose City	235
San Mateo	San Mateo	200
Santa Barbara	Santa Barbara City	150
Santa Monica	Santa Monica City	110
Shasta	Shasta-Tehama-Trinity Joint	155 <sup>a</sup>
Solano	Solano	150
South Orange County	Irvine Valley	323
South Orange County	Saddleback	483
Southwestern	Southwestern (Chula Vista 861 Elmhurst Avenue)	148
Southwestern	Southwestern (Chula Vista)	60
Southwestern	Southwestern (National City)	290
Southwestern	Southwestern (Otay Mesa)	60
Southwestern	Southwestern (San Ysidro)	60
State Center	Fresno City	449
State Center	Madera	449
Ventura County	Moorpark	250
Ventura County	Oxnard	249
West Hills	West Hills Coalinga	150 <sup>a</sup>
Subtotal		(\$16,910)
<b>Total</b>		<b>\$17,974</b>

<sup>a</sup> Reflects corrected amount to Department of Finance's March 2022 letter.

Appendix Figure 2

### Administration's Proposed Construction Grant Awards

Reflects Department of Finance's Ranking (Dollars in Millions)

Segment	Campus	Funding		Beds	
		State	Nonstate	Affordable	Standard
Intersegmental	Imperial Valley College/GSU San Diego	\$9	\$5	78 <sup>a</sup>	—
CCC	Fresno City	34	—	360	—
CCC	Siskiyou	33	—	252	—
CSU	San Francisco	116	63	750	—
CCC	Ventura	63	—	320	—
UC	Los Angeles	35	29	358	—
UC	San Diego	100	236	1,100	208
CCC	Sierra	80	—	354	—
<b>Totals</b>		<b>\$470</b>	<b>\$332</b>	<b>3,572</b>	<b>208</b>

<sup>a</sup> Assumes all of project's proposed beds are affordable.

Appendix Figure 3

### Construction Projects Deemed Eligible but Lower Priority by Administration

Reflects Department of Finance's Ranking (Dollars in Millions)

Segment	Campus	Funding		Beds	
		State	Nonstate	Affordable	Standard
CSU	Long Beach	\$53	\$29	403	—
CSU	Fresno <sup>a</sup>	31	17	175	—
CCC	Napa Valley	31	97	124	404
CCC	Santa Rosa	15	63	70	282
CSU	Northridge	38	20	200	—
CSU	Humboldt <sup>a</sup>	27 <sup>a</sup>	15	138	—
CSU	Dominguez Hills	49	26	238	127
UC	Irvine	65	1	300	—
CCC	Cosumnes River	44	—	145	—
CSU	Fullerton	89	48	390	210
CSU	San Marcos	91	49	390	210
CCC	Compton	80	—	250	—
CCC	Lake Tahoe	39	—	100	—
UC	Santa Cruz	89	—	320	—
UC	Berkeley	100	212	310	803
CCC	Bakersfield	60	3	154	—
CCC	Canyons	62	—	100	—
<b>Totals</b>		<b>\$964</b>	<b>\$580</b>	<b>3,807</b>	<b>2,036</b>

<sup>a</sup> Reflects corrected amount and revised rank to Department of Finance's March 2022 letter.

Appendix Figure 4

**Construction Projects Deemed Ineligible for Grant Awards by Administration**

(Dollars in Millions)

Segment	Campus	Funding		Beds	
		State	Nonstate	Affordable	Standard
CCC	Antelope Valley	\$169	—	500	—
CCC	Cabrillo	47	—	298	—
CCC	Cerritos	10	—	— <sup>a</sup>	—
CCC	Cypress	40	—	186	—
CCC	Fresno City (West Fresno campus)	8	—	300	—
CCC	Long Beach City	84	\$5	340	—
CCC	Ohlone (Fremont campus)	112	—	314	—
CCC	Ohlone (Newark campus)	137	—	226	—
CCC	Redwoods	36	—	250	—
CCC	San Diego City	130	—	613	—
CCC	San Mateo	89	10	495	—
CSU	Sacramento	32	17	285	—
Intersegmental	Merced College/UC Merced	102	—	348	—
UC	Hastings College of the Law	219	—	257	—
UC	Merced (graduate students)	59	—	200	—
UC	Merced (undergraduate students)	99	—	348	—
UC	Riverside	51	—	375	—
<b>Totals</b>		<b>\$1,423</b>	<b>\$32</b>	<b>5,335</b>	<b>—</b>

<sup>a</sup> Application did not specify.

Appendix Figure 5

### Reasons Administration Deemed Projects Ineligible for Grant Awards

Segment	Campus
<b>Requested Planning and Construction Grants<sup>a</sup></b>	
CCC	Antelope Valley
CCC	Cabrillo <sup>b</sup>
CCC	Cerritos
CCC	Long Beach City
CCC	Ohlone (Newark campus)
CCC	Ohlone (Fremont campus)
CCC	San Diego City
CCC	San Mateo
Intersegmental	Merced College/UC Merced
<b>Did Not Demonstrate Financial Feasibility</b>	
CCC	Redwoods
CCC	Cypress
UC	Merced (graduate students)
UC	Merced (undergraduate students)
<b>Proposed Rent Exceeded Statutory Limit</b>	
UC	Riverside
<b>Submitted Past Statutory Due Date</b>	
CSU	Sacramento
<b>Did Not Meet Other Statutory Requirements</b>	
CCC	Fresno City (West Fresno campus) <sup>c</sup>
UC	Hastings College of the Law <sup>d</sup>

<sup>a</sup> Administration proposes to give these projects planning grants but deemed them ineligible for receiving construction grants simultaneously.

<sup>b</sup> Also deemed ineligible because its proposed rent exceeded the statutory limit.

<sup>c</sup> Supports emergency housing for up to 16 students at a time and construction of a wraparound service center.

<sup>d</sup> Supports seismic retrofit of an existing mixed academic and housing facility.



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This report was prepared by Jason Constantouros, with assistance from Lisa Qing and Paul Steenhausen, and reviewed by Jennifer Pacella and Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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